

## In brief

Companies (Amendment) Bill, 2019 assented by the President of India on 31<sup>st</sup> July 2019 seeks to tighten CSR norms and ensure stricter action for non-compliance of the company law regulations.

Certain sections of Companies Amendment Act, 2019 come into force from 15<sup>th</sup> August 2019 (Notification dated 14<sup>th</sup> August 2019)



## This issue

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## The Companies (Amendment) Act, 2019

The Companies (Amendment) Act, 2019 has received the assent of the President of India on the 31<sup>st</sup> July 2019 and has been notified by the Government of India. It replaces the Companies (Amendment) Second Ordinance, 2019.

Key changes, among other things, pertain to Corporate Social Responsibility (CSR) spending, wherein companies would have to mandatorily keep unspent money in a special account, gives more clarity with respect to certain powers of the National Financial Reporting Authority (NFRA), provides for re-categorisation of certain minor offences and transferring of functions with respect to dealing with applications for change of financial year (FY) to the Central government (CG).

Some of the provisions of this Act are deemed to have come into force from 2<sup>nd</sup> November 2018 and the rest will come into force on such date as the CG may notify in the Official Gazette.

[Read more](#)

For CNK Synopsis of the Companies (Amendment) Act, 2019 [Read more](#)

### Commencement Notification

The CG has appointed 15<sup>th</sup> August 2019 as the date on which the following sections of the Companies Amendment Act, 2019 (**Amendment Act**) has come into force.

Sections of the Amendment Act	Corresponding Sections of Companies Act, 2013	Nomenclature
6	26	Matters to be stated in prospectus
7	29	Public offer of securities to be in dematerialised form
8	35	Civil liability for mis-statements in prospectus
14 (i),(iii),(iv)	90	Register of significant beneficial owners in a company
20	132	Constitution of National Financial Reporting Authority
31	212	Investigation into affairs of Company by Serious Fraud Investigation Office
33	241	Application to Tribunal for relief in cases of oppression, etc.
34	242	Powers of Tribunal
35	243	Consequence of termination or modification of certain agreements
37	272	Petition for winding up
38	398	Provisions relating to filing of applications, documents, inspection, etc., in electronic form

[Read more](#)

Please note that there are press reports which indicate that the penal provision in the above Act will be amended and then notified.

**Return**

## In brief

Submission of DIR-3-KYC extended

(Notification dated 25<sup>th</sup> July 2019 and 30<sup>th</sup> September 2019)

Fees for filing e- Form DIR-3 KYC or DIR-3 KYC-WEB amended

(Notification dated 25<sup>th</sup> July 2019)

Statement to be furnished to the IEPF, manner of transfer of shares (where dividend has not been paid or claimed for 7 consecutive years or more) to IEPF, etc. amended.

(Notification dated 14<sup>th</sup> August 2019)

## Companies Act, 2013 – Rules and Amendment Rules

### Companies (Appointment and Qualification of Directors) 3<sup>rd</sup> and 4<sup>th</sup> Amendment Rules, 2019

The MCA has amended Companies (Appointment and Qualification of Directors) Rules, 2014. Among other matter, **Rule 12A- Directors KYC** states that every individual who holds a Director Identification Number (DIN) as on 31<sup>st</sup> March of a FY had to submit e-form DIR-3-KYC to the CG on or before 30<sup>th</sup> September (*earlier 30<sup>th</sup> June*) of immediate next FY.

For the FY ending on 31<sup>st</sup> March 2019, the individual should submit e-form DIR-3 KYC or web form DIR-3 KYC-WEB, as the case may be, on or before the 14<sup>th</sup> October, 2019

Companies (Appointment and Qualification of Directors) 3<sup>rd</sup> Amendment Rules, 2019 [Read more](#)

Companies (Appointment and Qualification of Directors) 4<sup>th</sup> Amendment Rules, 2019 [Read more](#)

### Companies (Registration Offices and Fees) 4<sup>th</sup> and 5<sup>th</sup> Amendment Rules, 2019

The MCA has amended Companies (Appointment and Qualification of Directors) Rules, 2014. Fees of Rs. 5,000 will be payable for filing DIR-3 KYC or DIR-3 KYC-WEB after 30<sup>th</sup> September 2019 and if there is a delay in filing the same.

For the FY ended on 31<sup>st</sup> March 2019, no fee shall be payable in respect of e-form DIR-3 KYC or DIR-3 KYC-WEB through web service till 14<sup>th</sup> October, 2019

Companies (Registration Offices and Fees) 4<sup>th</sup> Amendment Rules, 2019 [Read more](#)

Companies (Registration Offices and Fees) 5<sup>th</sup> Amendment Rules, 2019 [Read more](#)

### Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) 2<sup>nd</sup> Amendment Rules 2019

The MCA has amended Investor Education and Protection Fund Authority (IEPF) (Accounting, Audit, Transfer and Refund) 2016. Amongst other matters, the amendments pertain to-

#### ♦ Rule 5- Statement to be furnished to the Fund

- ▲ Any amount required to be credited by the companies to the Fund should be remitted online along with a Statement in Form No. IEPF 1 containing details

## In brief

Conditions of issue of equity shares with differential rights, amended, provisions regarding creation of DRR substituted, conditions for issuing ESOP amended etc.

(Notification dated 16<sup>th</sup> August 2019)

of such transfer to the IEPF within a period of 30 days of such amounts becoming due to be credited to the Fund.

- ▲ The companies which have transferred any amount referred to in Section 205C of the Companies Act, 1956 to IEPF or CG, but have not filed the statement or have filed the statement in any format other than in excel template, as required under the Rule 5, should submit details mentioned Rule 5 in Form No. IEPF – 1A along with excel template within 60 days of notification of these amended Rules.
- ▲ The company is required to maintain the record filed under this Rule in the same format along with all supporting documents and the Authority will have the powers to inspect such records
- ♦ **Rule 6-Manner of transfer of shares under Section 124(6) (Unpaid Dividend Account) to the Fund**
  - ▲ It has been clarified that all shares in respect of which dividend has been transferred to IEPF on or before 7<sup>th</sup> September 2016, will also be transferred by the company in the name of IEPF
  - ▲ While effecting such transfer, the company is required to send a statement to the IEPF Authority in Form No. IEPF-4 within 30 days of the corporate action taken under this Rule. This Form should contain all the details of such transfer and the company should also attach a copy of the public notice published under this Rule 6 in Form No IEPF-4.

[Read more](#)

### Companies (Share Capital and Debentures) Amendment Rules, 2019

The MCA has amended Companies (Share Capital and Debentures) Rules, 2014. Among other matters, the amendment pertain to the following –

#### ♦ Rule 4 -Equity shares with differential rights

A company limited by shares can issue equity shares with differential rights as to dividend, voting or otherwise, if the voting power in respect of shares with differential rights of the company does not exceed 74% of total voting power including voting power in respect of equity shares with differential rights issued at any point of time.

Condition relating to consistent track record of distributable profits for the last 3 years has been deleted.

## In brief

### ♦ Rule 12- Issue of Employee Stock Option (ESOP)

The start-up companies can issue ESOPs to employees for the period of 10 years from the date of its incorporation or registration. Employees will include

- ▲ an employee who is a promoter or a person belonging to the promoter group; or
- ▲ a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the company.

An entity will be considered as a Startup:

- ▲ Up to a period of 10 years from the date of incorporation/ registration, if it is incorporated as a private limited company or registered as a partnership firm or a limited liability partnership) in India.
- ▲ Turnover of the entity for any of the FYs since incorporation/ registration has not exceeded Rs. 100 crore.
- ▲ Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

However, an entity formed by splitting up or reconstruction of an existing business will not be considered a 'Startup'.

### ♦ Rule 18-Creation of Debenture Redemption Reserve (DRR)

This sub- Rule has been substituted. The company should comply with the requirements with regard to DRR and investment or deposit of sum in respect of debentures maturing during the year ending on the 31<sup>st</sup> March of next year according the conditions given below-

- ▲ DRR should be created out of profits of the company available for payment of dividend;
- ▲ Limits with respect to adequacy of DRR and investment or deposits are given below-

Class of Companies	Requirements
All India Financial Institutions (AIFI) regulated by RBI and Banking Companies	DRR is <u>not required</u> for public and privately placed debentures
Other Financial Institutions as per Section 2(72) of the Companies Act, 2013	DRR will be as applicable to Non - Banking Finance Companies (NBFC) registered with RBI

## In brief

Class of Companies	Requirements
For listed companies (other than AIFI) a) for NBFCs registered with RBI and for Housing Finance Companies (HFC) registered with National Housing Bank; @ b) for other listed companies@	DRR <u>is not required</u> in case of public and private issue of debentures
For unlisted companies (other than AIFI) a) for NBFCs registered with RBI and for HFC registered with National Housing Bank b) for other unlisted companies @	DRR is <u>not required</u> in case of privately placed debentures  DRR should be 10% of the value of the outstanding Debentures

Companies mentioned in @ should on or before 30<sup>th</sup> April in each year, in respect of debentures issued by them, invest or deposit, a sum which is at least 15%, of the amount of its debentures maturing during the year, ending on the 31<sup>st</sup> March of the next year in any one or more methods of investments or deposits mentioned below

- in deposits with any scheduled bank, free from any charge or lien
- in unencumbered securities of the CG or any State Government;
- in unencumbered securities mentioned in Section 20(a) to (d) and (ee) of the Indian Trusts Act, 1882;
- in unencumbered bonds issued by any other company which is notified under Section 20(f) of the Indian Trusts Act, 1882;

Provided that the amount invested or deposited as above should be used only for redemption of debentures maturing during the year referred above.

- ▲ In case of partly convertible debentures, DRR should be created in respect be created in respect of non-convertible portion of debenture issue in accordance with this Rule
- ▲ The amount credited to DRR should be utilised only for the purpose of redemption of debentures

[Read more](#)

## In brief

Explanation added for 'banking company', Form NFRA-2 inserted and date of filing the same extended, etc.  
(Notification dated 5<sup>th</sup> September 2019)

### National Financial Reporting Authority (Amendment) Rules, 2019

The MCA has amended National Financial Reporting Authority (NFRA) Rules, 2018. Among other matters, amendment pertains to the following-

♦ **Rule 3- Classes of companies and bodies corporate governed by the Authority**

An explanation has been added for Banking Companies which states that 'banking company' includes 'corresponding new bank' as defined in Section 2(d) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and Section 2(b) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and 'subsidiary bank' as defined in Section 2(k) of the State Bank of India (Subsidiary Bank) Act, 1959.

♦ **Rule 5- Annual return.**

Every auditor of the companies and bodies corporate governed by the NFRA is required to file a return with NFRA on or before 30<sup>th</sup> November 2019(*earlier 30<sup>th</sup> April*) every year in Form NFRA-2.

[Read more](#)

## In brief

Last date of filing of e-Form BEN-2 extended up to 31<sup>st</sup> December 2019

(General Circular No. 10/2019 dated 24<sup>th</sup> September 2019)

Clarification sought on whether it is mandatory to indicate a specific calendar date as ‘appointed date’ in the schemes referred to in the Section 232(6) and to confirm whether the ‘acquisition date’ for the purpose of Ind-AS 103 would be the ‘appointed date’ referred to in Section 232(6)

(General Circular No. 09/2019 dated 21<sup>st</sup> August 2019)

## Circulars from the Ministry of Corporate Affairs (MCA)

### Relaxation of additional fees and extension of last date of filing of Form BEN-2 and BEN-1 under the Companies Act, 2013

Form BEN-2 states the format in which companies will have to disclose their ‘Significant Beneficial Owners’ to the Registrar. The time limit for filing e-form No.BEN-2 is extended up to 31<sup>st</sup> December 2019 without payment of additional fee and thereafter additional fee will be payable. Consequent the date of filing of Form BEN-1 (declaration by individuals) may be construed accordingly.

[Read more](#)

### Clarification under Section 232(6) of the Companies Act, 2013 regarding appointment date for mergers and amalgamations

Section 232 pertains to Merger and Amalgamation of companies. Sub-section 6 states that the scheme will be deemed to be effective from the “appointed date” (AD) and not a date subsequent to the AD. This is an enabling provision to allow the companies to decide and agree upon an AD from which the scheme will come into force.

The MCA has clarified that the companies may choose the AD of the merger/amalgamation based on occurrence of an event, which is relevant to the merger between companies. This would allow the companies concerned to function independently till such event is actually materialised. The circular further clarifies that the term AD used in Section 232(6) will be deemed to be the “acquisition date” for the purpose of conforming to Ind AS 103 *Business Combinations*.

[Read more](#)

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## In brief

Modifications incorporated in line with the several amendments made in the Listing Regulations, based on the recommendations of Kotak Committee on Corporate Governance. (Circular No. SEBI/ CFD/ CMD1/CIR/P/2019/78 dated 16<sup>th</sup> July 2019)

Audit report formats aligned with SA 700 (Revised) along with certain updates suggested by the ICAI (Circular No. CIR/CFD/ CMD1/ 80 /2019 dated 19<sup>th</sup> July 2019)

## Securities and Exchange Board of India (SEBI)

### Circulars

#### **Modification of 'Format for compliance report on Corporate Governance to be submitted to Stock Exchange (s) by Listed Entities'**

SEBI had earlier issued Circular No. CIR/CFD/CMD/ 5 /2015 dated 24<sup>th</sup> September 2015 which specifies the format for compliance report on corporate governance.

SEBI has further modified the said format for compliance report on corporate governance. Details to be submitted pertain to the following-

- ♦ Composition of Board of Directors
- ♦ Composition of Committees
- ♦ Meeting of Board of Directors
- ♦ Meetings of Committees
- ♦ Related Party Transactions

The circular has come into force with effect from the Quarter Ended 30<sup>th</sup> September 2019.

[Read more](#)

#### **Procedure and formats for limited review / audit report of the listed entity and those entities whose accounts are to be consolidated with the listed entity**

The SEBI, on 29<sup>th</sup> March 2019, issued a Circular No. CIR/CFD/CMD1/44/2019 which contained the formats for audit report and limited review report.

Subsequent to the issue of the said circular, the ICAI has revised the SA 700 *Forming an Opinion and Reporting on Financial Statements* based on which Exhibits C2, B2, C4, B4, C5 and B5 of Annex 2 to the above circular were issued. Accordingly, the aforementioned audit report formats have been aligned with SA 700 (Revised) along with certain updates suggested by the ICAI.

This Circular will be applicable with respect to the financial results for the quarter ending 30<sup>th</sup> September 2019 and thereafter.

[Read more](#)

## In brief

Disclosure norms on encumbered shares tightened (Circular No. SEBI/HO/CFD/DCRI/CIR/P/2019/90 dated 7<sup>th</sup> August 2019)

Fine imposed by stock exchanges on the listed entities for non-compliance with certain provisions of ICDR Regulations revised (Circular No. SEBI/HO/CFD/DIL2/CIR dated 19<sup>th</sup> August 2019)

### Disclosure of reasons for encumbrance by promoter of listed companies

As per the above Circular, the promoter of every listed company is required to specifically disclose detailed reasons for encumbrance if the combined encumbrance by the promoter along with persons acting in concert (PACs) with him equals or exceeds:

- ♦ 50% of their shareholding in the company; or
- ♦ 20% of the total share capital of the company

Disclosure is required to be given in the prescribed format within 2 days from the creation of such encumbrance to the listed company and the exchanges where the shares are listed.

On every occasion when the extent of encumbrance (having already breached the above threshold limits) increases further from the prevailing level disclosure will be warranted.

**The provisions of this circular have come into effect from 1<sup>st</sup> October 2019.**

[Read more](#)

### Non-compliance with certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations)

As per the above circular, SEBI has revised the fines imposed on the listed companies for non-compliance with certain provisions of ICDR Regulations. Among other matters, fine of Rs. 20,000 per day of non-compliance till the date of compliance will be imposed on the following violations-

Regulation / Schedule	Violation
295(1)	Delay in completion of a bonus issue : i. Within 15 days from the date of approval of the issue by its Board of Directors (BoD) – in cases where shareholders' approval for capitalization of profits or reserves for making the bonus issue is not required. ii. Within 2 months from the date of the meeting of its BoD wherein the decision to announce bonus issue was taken subject to shareholders' approval – in cases where issuer is required to seek shareholders' approval for capitalization of profits or reserves for making the bonus issue.

## In brief

Corporate Governance provisions for listed entities which have issued shares SR amended (Notification No. SEBI/LAD-NRO/GN/2019/28 dated 29<sup>th</sup> July 2019)

Regulation / Schedule	Violation
162	Listed entities not completing the conversion of convertible securities and allotting the shares, within 18 months from the date of allotment of convertible securities.
-	Listed entities should make an application for trading approval to the stock exchange within 7 working days from the date of grant of listing approval by the stock exchange.

This circular is **applicable from 19<sup>th</sup> August 2019.**

[Read more](#)

### Notifications

#### **SEBI (Listing Obligations and Disclosure Requirements) (4<sup>th</sup> Amendment) Regulations, 2019**

SEBI has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The amendments relate to compliances in relation to corporate governance provisions for listed entities which have issued shares with Superior Rights (SRs). Among other matters, amendments pertain to the following -

##### ♦ **Regulation 17- Board of Directors**

An explanation has been added after sub-regulation 1(c) which states that where the listed company has outstanding SR equity shares, at least half of the Board of Directors should comprise of independent directors.

##### ♦ **Regulation 18-Audit Committee**

Sub –regulation 1(b) states that the Audit Committee of a listed entity having outstanding SR equity shares should comprise only of independent directors;

##### ♦ **Regulation 41(3)- Other provisions relating to securities**

- ▲ The listed entity should not issue shares in any manner that may confer on any person; superior or inferior rights as to dividend vis-à-vis the rights on equity shares that are already listed or inferior voting rights vis-à-vis the rights on equity shares that are already listed:
- ▲ A listed entity having SR equity shares issued to its promoters/ founders, may issue SR equity shares to its SR shareholders only through a bonus, split or rights issue in accordance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act, 2013.

## In brief

Consultative Paper issued to clarify the role of statutory auditors and audit committee  
(Dated 18<sup>th</sup> July 2019)

### ♦ Regulation 41A-Other provisions relating to outstanding SR equity shares

This is a new Regulation.

- ▲ The SR equity shares should be treated at par with the ordinary equity shares in every respect, including dividends, except in the case of voting on resolutions.
- ▲ The total voting rights of SR shareholders (including ordinary shares) in the issuer upon listing, pursuant to an initial public offer, should not at any point of time exceed 74%.
- ▲ Circumstances in which SR equity shares should be treated as ordinary equity shares in terms of voting rights are appointment/ removal of independent directors, related party transactions involving SR shareholder, voluntary winding up of listed entities, changes in AOA/ MOA except change affecting SR equity share, utilization of funds for purposes other than business, delisting or buy-back of equity shares etc.
- ▲ SR equity shares should be converted into ordinary shares having voting rights same as that of ordinary shares w.e.f. 5 years after listing of the ordinary shares. The same can be extended for further 5 years after passing a resolution to that effect, with the SR shareholders abstaining from voting.
- ▲ SR equity shares should be mandatorily converted into equity shares having voting rights same as that of ordinary shares in case of following events i.e. demise of promoter holding such shares, SR shareholder resigns from executive position, merger or acquisition of listed entity resulting in SR shareholders cease to have control etc.

[Read more](#)

### Consultative Paper

#### **Consultative Paper on policy proposals with respect to resignation of statutory auditors from listed entities**

In order to enhance responsible behaviour of auditors and to strengthen the disclosures to investors and stakeholders and further to strengthen the role of the audit committee, SEBI proposes to issue a circular or amend SEBI (Listing Obligations and Disclosure Requirements) Regulations, specifying the procedure that may be followed in cases where the auditor of a listed entity/material unlisted subsidiary of the listed entity proposes to resign. SEBI has accordingly issued the draft framework for consultation.

[Read more](#)

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## In brief

The Banning of Unregulated Deposit Schemes Act, 2019 provides for a mechanism to ban unregulated deposit schemes and protect the interests of depositors.

Code of Wages, 2019 ensures ensure minimum wage for workers.

## Others

### The Banning of Unregulated Deposit Schemes Act, 2019

The Banning of Unregulated Deposit Schemes Act, 2019, provides for a comprehensive mechanism to ban the unregulated deposit schemes, other than deposits taken in the ordinary course of business and to protect the interest of depositors. The Act seeks to help tackle the menace of illicit deposit taking activities which dupe poor and gullible people of their hard earned money.

It has received the assent of the President of India on 31<sup>st</sup> July 2019. The provisions of this Act are **applicable from 21<sup>st</sup> February 2019**.

[Read more](#)

### Code of Wages, 2019

The Code of Wages, 2019 received the President's assent on 8<sup>th</sup> August 2019. It allows the Centre to set a minimum statutory wage.

It is the first Code to become an Act out of the 4 codes- Code of Wages; Industrial Relations; Social Security and Occupational Safety, Health and Working Conditions which the Ministry of Labour and Employment has formulated.

The Code repeals the following Acts-

- ♦ the Payment of Wages Act, 1936,
- ♦ the Minimum Wages Act, 1948,
- ♦ the Payment of Bonus Act, 1965, and
- ♦ the Equal Remuneration Act, 1976

This Act prohibits employers from paying wages less than the minimum wages. It extends to the whole of India and has been notified by the Central Government as on 21<sup>st</sup> August 2019. However, the respective State Governments will have to pass necessary legislation corresponding to this Act.

[Read more](#)

For CNK synopsis on Code of Wages, 2019 [Read more](#)

**Return**

## In brief

IG to SA 570 provides a framework to assist in determining whether the use of going concern basis of accounting in preparation of the FS is appropriate.

IG to SA 720 (Revised) provides supplementary guidance to SA

Advisory on Section 197 (Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits) sub-section 16 effective immediately.

(Dated 9<sup>th</sup> September 20119)

## Accountancy and Audit

### Implementation Guides (IG)

#### ♦ IG to Standard on Auditing (SA) 570(Revised)-Going Concern

The purpose of this IG is to provide practical guidance on implementation of the principles enunciated in the SA 570 (Revised). SA 570 (Revised) is effective for audits of financial statements (FS) for periods beginning on or after 1<sup>st</sup> April 2017.

This IG provides a very practical and easy to follow approach to going concern assessment in the forms of questionnaire, checklists, templates and case studies, etc. It also provides a framework to assist in determining whether the use of going concern basis of accounting in preparation of the FS and the related disclosures are appropriate and in making balanced, proportionate and clear disclosures.

[Read more](#)

#### ♦ IG to SA 720(Revised)-The Auditor's Responsibilities Relating to Other Information Announcements

This IG provides supplementary guidance to SA 720(Revised). The scope of this IG is limited to SA 720 (Revised) which is effective for audits of FS for periods beginning on or after 1<sup>st</sup> April 2018.

This IG is not a replacement of or a substitute for the original Standard(s) and must not be read on a standalone basis. It is meant to clarify and augment understanding of the Standards and provide guidance where appropriate. For ease of usage, the various issues in SA 720(Revised) have been dealt with in an easy-to-follow "Question – Answer" format.

[Read more](#)

### Advisory on Auditor's Reporting on Section 197(16) of the Companies Act, 2013

Section 197(16) of the Companies Act, 2013 requires that '*The auditor of the company shall, in his report under Section 143, make a statement as to whether the remuneration paid by the company to its directors is in accordance with the provisions of this Section, whether remuneration paid to any director is in excess of the limit laid down under this Section and give such other details as may be prescribed*'

The aforesaid reporting requirement for auditors of public companies needs to be covered in auditor's report under the Section "Report on Other Legal and Regulatory Requirements". Accordingly, auditors of public companies are advised to comply with the aforesaid reporting requirements in their auditor's reports.

**This Advisory has come into force from immediate effect.**

[Read more](#)

### **Ind AS**

For developments in Ind AS refer *CNK IFRS/Ind AS Updates, October 2019* [Read more](#)

**Return**





## Key Take Away

- Amendment in CSR as per The Companies (Amendment) Act, 2019, keeps a check on the practice of companies “getting away” by providing an explanation on why they were unable to fulfill CSR norms. Companies will have to proactively ensure compliance with CSR requirements
- The Government has liberalised the Companies (Share Capital and Debentures) Rules that would allow Indian companies to raise share capital without diluting the voting rights of all existing shareholders. The move is expected to help promoters retain control when they raise capital from new investors. This will also help startups, as they will be able to attract more capital without surrendering control. Listed companies are not required to create DRR however, it is mandatory to make investments or deposits as per the Rule.
- The MCA clarification on Section 232(6) would lead to harmonisation of practices in ascertaining the “appointed date” of merger/amalgamation and provide due clarity on the accounting treatment, thereby allowing stakeholders to align the “appointed date” of merger/amalgamation in accordance with their business considerations or legal requirements. This would also contribute significantly in the ease of Doing Business.
- In order to bring greater transparency regarding reasons for encumbrance, particularly when significant shareholding by promoter along with PACs is encumbered, SEBI has decided to prescribe additional disclosure norms on share pledging. Such disclosures will be warranted on every occasion, when the extent of encumbrance increases further from the prevailing levels.

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