



Voices on Reporting

Annual updates publication

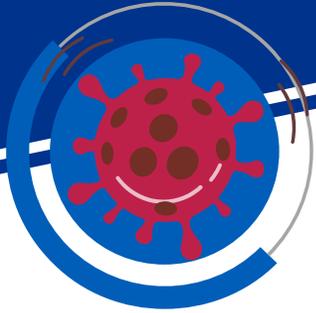
April 2021

-
home.kpmg/in

**Click here to
access**



Table of contents



COVID-19 updates



Updates relating to
the Companies Act,
2013



Updates relating to
SEBI Regulations



Other updates

In this publication, we have summarised important updates relating to the year ended 31 March 2021 from the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), the Institute of Chartered Accountants of India (ICAI) and the Reserve Bank of India (RBI).



1. Key considerations for financial reporting

The COVID-19 outbreak has had a significant effect on the economies of affected countries, international financial markets and financial reporting requirements including accounting implications for many companies.

Due to the pandemic, entities are also experiencing unprecedented significant challenges in financial reporting. The COVID-19 has led to financial market volatility and erosion, deteriorating credit, liquidity concerns, government intervention, increasing unemployment, broad declines in consumer spending, increasing inventory levels, reduction in production, layoffs and other restructuring activities.

Disclosure about the effects of the pandemic along with how management is responding to them would be critical and based on specific facts and circumstances of a company. Some of the key considerations could be:

- **Risk factors:** Evaluate specific risks faced on account of COVID-19 and assess the need to revisit the risks identified and disclosed previously. These could relate to business risks, financial risks, technology risk, etc.

To address the pandemic, many companies would have taken steps to strengthen their liquidity in the form of increase in borrowings, reduction in dividend, etc. Details relating to these measures along with their impact in short and medium term should be adequately reported.

- **Impact on assets and liabilities:** Companies should determine financial reporting impacts of COVID-19 such

as those relating to:

- Nature and amount of items affecting assets and liabilities that are unusual
- Account for inventory write-downs and their reversal
- Assess loan default or breach of a loan agreement that has not been remedied
- Assess Expected Credit Loss (ECL) provision - recoverability of trade receivables
- Consider rent concession or revised terms
- Accounting of sales returns
- Assess effectiveness of hedges
- Impairment testing of goodwill, intangible assets with indefinite useful lives and PPE
- Accrual of employee benefits
- **Significant judgements and estimates:** Determination of impact of COVID-19 on business operations and resultant financial impact to be reported in the financial statements would involve significant management judgement and estimation. Due to the uncertainty posed by the pandemic, presentation of relevant information in the financial statements which might get changed after it is made available publicly is quite challenging. Therefore, companies should make use of best available information while making such estimates and judgements considering the effects of COVID-19, significant

government measures being undertaken to address it and other relevant factors such as industry outlook.

- **Going concern assessment:** Management's going concern assessment may be significantly affected by the current circumstances. When assessing the uncertainties associated with a company's going concern assumption, management takes into account all available information up to the date of the financial statements. If there is a material uncertainty about the company's ability to continue as a going concern at the date on which the financial statements are authorised for issue, then that uncertainty is disclosed in those financial statements. This is the case irrespective of whether it was disclosed in the most recent annual or interim financial statements. In addition, disclosure is required when management concludes that there are no material uncertainties and reaching that conclusion involved significant level of judgement.





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Key considerations for financial reporting

Relaxations for companies amid COVID-19 outbreak

1. Key considerations for financial reporting

- **Disclosures:** Specific disclosures that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period should be provided. These would, *inter alia*, include disclosure of:
 - Changes in significant judgements and assumptions as well as areas of estimation uncertainty
 - Disclosures of the impact of the COVID-19 outbreak on the financial position, performance and cash flows
 - Any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period
 - Transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments
 - Changes in the classification of financial assets as a result of a change in the purpose or use of those assets
 - Reversals of any provisions
 - Changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities

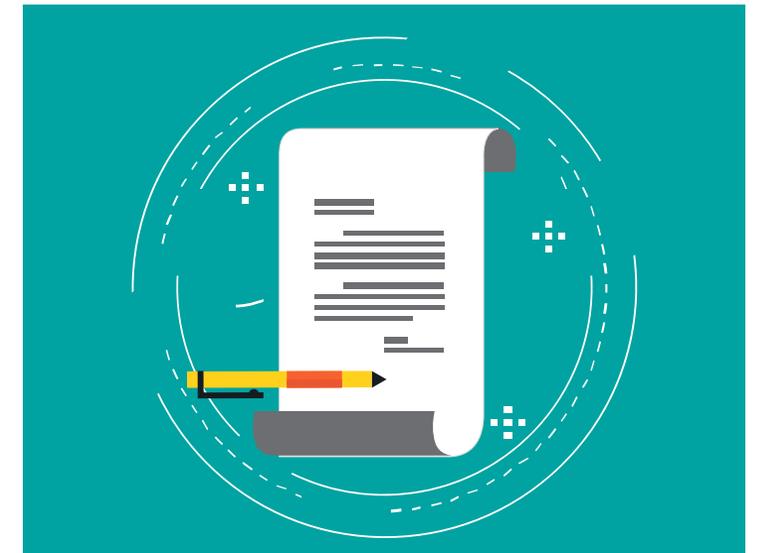
- Government measures in the form of loans or grants, if availed and accounting for the same.
- Any, other additional disclosures to understand the overall impact on the financial position and performance.

Non-financial matters

Considering the pervasive impact that COVID-19 has had on non-financial matters of companies, companies should disclose on the following matters in their reports disclosing non-financial matters:

- **Social and employee matters**
 - Inclusion and diversity, to ensure equality and to fight against racism
 - Health and safety of employees, including extensive use of remote working arrangements and strategies to bring employees back to workplace.
- **Business model and value creation:** There is a need to provide disclosures on the impact of the pandemic on the business model and value creation over the short, medium and long-term and on the policies put in place to address the non-financial matters.

- **Risk relating to climate change:** Companies should explain risks associated with climate change and the related mitigating actions put in place in the context of their business models, environmental policy and any objective and targets that they are pursuing in this area. Disclosures should also be made with regard to opportunities that may arise in connection with climate change. The explanations should serve to contextualise disclosures on the degree to which pre-set targets can be achieved and to explain any uncertainty surrounding them.





1. Key considerations for financial reporting

Other regulatory aspects

SEBI's advisory on disclosure of material impact of COVID-19: SEBI through a circular dated 20 May 2020 emphasised that listed companies should evaluate the impact of the COVID-19 pandemic on their business, performance and financials, both qualitatively and quantitatively to the extent possible and disseminate the same. It also provides an illustrative list of information for disclosure which companies may consider, subject to the application of materiality.

These disclosures could form part of the financial statements accompanied with notes (quarterly/half-yearly/annual), board's report, management's discussion and

analysis section of the annual report and disclosures to stock exchange(s) as part of material events.

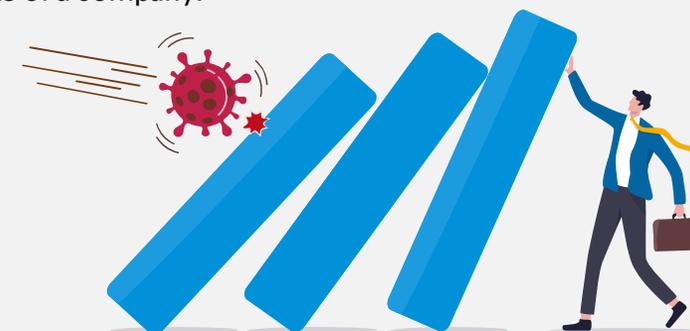
Further, to have continuous information about the impact of COVID-19 on operations, listed companies may provide regular updates, as and when there are material developments. Additionally, listed companies may include the impact of the COVID-19 pandemic on their financial statements to the extent possible.

For detailed read, please refer KPMG in India's First Notes: SEBI's advisory on disclosure of material impact of COVID-19 by listed companies dated 5 June 2020.

(Source: SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20 May 2020)

Key takeaways

- Given the evolving economic situation in current times, it is imperative for companies to take into consideration all relevant information up to the date of the year end reporting. Adequate disclosures on the identified areas of risks, their impact on financial statements and the manner in which they have been addressed by the company would enable users of the financial statements to better understand the impact of COVID-19 situation on the company's business operations, performance and cash flows.
- Though the impact would vary from company to company and in the unprecedented times such as now, endeavor should be to update the information so provided to the users of financial statements as and when there are material developments by the company.
- Disclosure about the effects of the pandemic along with how management is responding to them would be critical and based on specific facts and circumstances of a company.





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Key considerations for financial reporting

Relaxations for companies amid COVID-19 outbreak

2. Relaxations for companies amid COVID-19 outbreak

At the year end, MCA, SEBI and other regulators have provided number of relaxations/exemptions to the companies in relation to various regulatory requirements amid COVID-19. Some important relaxations relevant for the year ending 31 March 2021 have been listed below:

MCA

- **Relaxation in conducting AGMs through VC or OAVM:** Companies whose Annual General Meetings (AGMs) were due to be held in the year 2020 or become due in the year 2021 are allowed to conduct their AGMs through Video Conferencing (VC) or Other Audio Visual Means (OAVM) on or before 31 December 2021.
(Source: MCA general circular no. 02/2021 dated 13 January 2021)
- **Relaxation on passing of ordinary and special resolutions by companies:** Companies are allowed to conduct their Extra Ordinary General Meetings (EGMs) through VC or OAVM or transact items through postal ballot in accordance with prescribed conditions up to 30 June 2021.
(Source: MCA general circular no. 39/2020 dated 31 December 2020)
- **Relaxation in conducting board meeting through VC or OAVM:** Companies are allowed to conduct their Board meetings to discuss the matters specified in Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 (i.e. those relating to approval of financial

statements, board's report, prospectus, etc.) through VC/OAVM up to 30 June 2021.

(Source: MCA notification no. G.S.R. 806(E) dated 30 December 2020)

- **CARO 2020:** MCA deferred effective date of Companies (Auditors' Report) Order, 2020 (CARO 2020) and it is applicable for audits of financial years commencing on or after 1 April 2021
(Source: MCA notification no. S.O. 4588(E) dated 17 December 2020)
- **Extended relaxation relating to minimum residency of a director for FY2020-21:** Exempted compliance with the requirement of having at least one director who stays in India for a total period of not less than 182 days during the Financial Year (FY) under Section 149(3) of the 2013 Act for FY2020-21 as well.

(Source: MCA general circular no. 36/2020 dated 20 October 2020)

SEBI

- **Exemption in requirement of sending physical copies of annual report to shareholders:** SEBI through circular dated 15 January 2021, has exempted listed companies from sending hard copies of annual reports/statement of salient features to their members up to 31 December 2021.

Source: SEBI circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021)

- **Relaxation in requirement of proxy for general meetings:** The requirement of sending proxy forms have been temporarily dispensed with up to 31 December 2021, in case of meetings held through electronic mode.

(Source: SEBI circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021)

- **Relaxation with respect to validity of SEBI observations and revision in issue size:** The validity of SEBI observations expiring between 1 October 2020 and 31 March 2021 have been extended up to 31 March 2021, subject to an undertaking from lead manager to the issue confirming compliance with Schedule XVI of the ICDR Regulations while submitting the updated offer document to SEBI.

(Source: SEBI circular no SEBI/HO/CFD/DIL1/CIR/P/2020/188 dated 29 September 2020)

- **Extension of facility for conducting meeting of unitholders of REITs and InvITs through VC or OAVM:** SEBI allowed REITs and InvITs whose AGMs becomes due in the year 2021 to conduct their AGMs through VC or OAVM on or before 31 December 2021. Similarly, meetings other than AGMs, are allowed to be conducted through VC/OAVM till 20 June 2021.

(Source: SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2021/21 dated 26 February 2021)



2. Relaxations for companies amid COVID-19 outbreak

• Uniform e-voting facility for shareholders of listed entities

SEBI through a circular dated 9 December 2020 enabled e-voting facility to all the demat account holders, by way of a single login credential, through their demat accounts or websites of depositories/depository participants. Demat account holders would be able to cast their vote without having to register again with the e-voting service providers (ESPs).

This would facilitate seamless authentication and enhance ease and convenience of participating in e-voting process and the same would be implemented in a phased manner.

(Source: SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020)

RBI

• Resolution framework for COVID-19-related stress

The Reserve Bank of India (RBI) through a notification dated 6 August 2020 introduced a 'Resolution Framework for

COVID-19-related Stress' (the framework) with an aim to mitigate the impact of the COVID-19 pandemic on the ultimate borrowers. The framework would enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership and personal loans, while classifying such exposures as standard, subject to specified conditions.

Additionally, RBI, vide notification dated 7 September 2020, has prescribed key financial parameters with sector specific benchmark ranges which should be factored in the resolution plans in respect of eligible borrowers.

The key financial parameters include following ratios:

- Total Outside Liabilities/Adjusted Tangible Net Worth (TOL/ATNW)
- Total Debt/Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
- Current Ratio
- Debt Service Coverage Ratio
- Average Debt Service Coverage Ratio.

In addition to the above ratios, the circular specifies other financial parameters that may be considered by the lending institutions while finalising the resolution assumptions.

Further, on 14 October 2020, RBI had issued some clarifications relating to the framework in the form of Frequently Asked Questions (FAQs) (revised on 12 December 2020). Some of the key clarifications relate to the reference date for outstanding debt, applicability of the framework and eligibility of specific personal loans under the framework.

(Source: RBI circular no. RBI/2020-21/34 dated 7 September 2020 and Revised FAQs on Resolution Framework for COVID-19 related stress issued by RBI on 12 December 2020)

Key takeaways

- Considering the continued disruptions in operations and difficulties faced by the companies amid COVID-19, the above extensions and relaxation in timelines will ease companies in their compliance burden.
- Companies should take note of the relaxation and meet the revised timelines issued by the respective regulators.





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

1. MCA notified certain sections of the Companies (Amendment) Act, 2020

The Ministry of Finance introduced the Companies (Amendment) Bill 2020 (the Bill) which proposed extensive amendments in the Companies Act, 2013 (2013 Act). On 19 September 2020, Lok Sabha passed the Companies (Amendment) Bill, 2020 and on 22 September 2020 it was passed by the Rajya Sabha.

On 28 September 2020, the Companies (Amendment) Act, 2020 (the 2020 Amendment Act) received the assent of the President of India. The 2020 Amendment Act incorporates amendments suggested by Company Law Committee (CLC) report.

Further, MCA through its notification dated 21 December 2020, 22 January 2021, 11 February 2021, 18 March 2021 and 24 March 2021 notified majority of the sections of the 2020 Amendment Act.

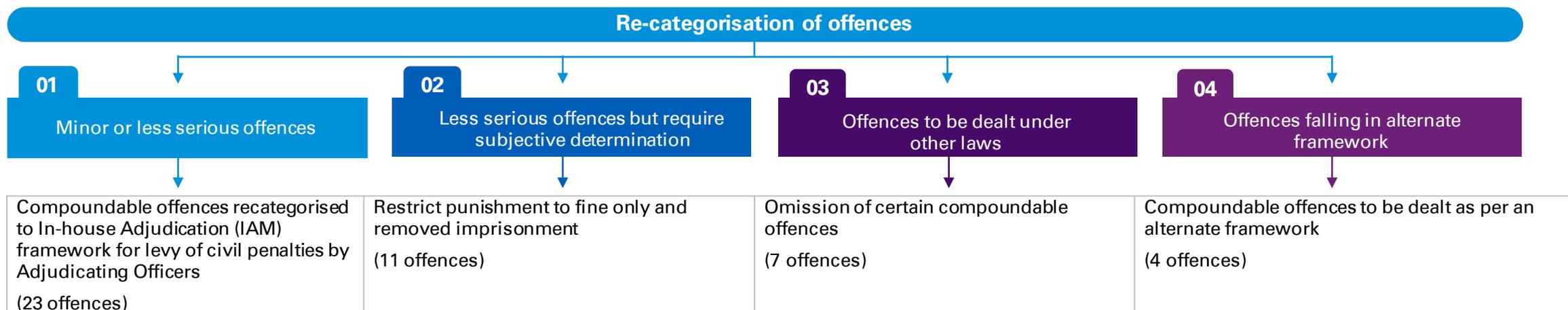
An overview of the notified sections of the 2020 Amendment Act is provided below:

Part I: Decriminalisation of certain compoundable offences

With an aim to strike a balance between civil and criminal liabilities, the 2020 Amendment Act decriminalised and re-categorised 46 offences.

The re-categorisation helps ensure that serious violations of law would be dealt under criminal law, whereas procedural, technical and minor non-compliances would be assigned to civil jurisdiction. This is likely to help declog the criminal justice system by reducing the burden on special courts in India.

The MCA through its notifications upto 24 March 2021, notified 45 sections relating to offences. The chart below summarises the amendments to 45 offences into four categories:





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

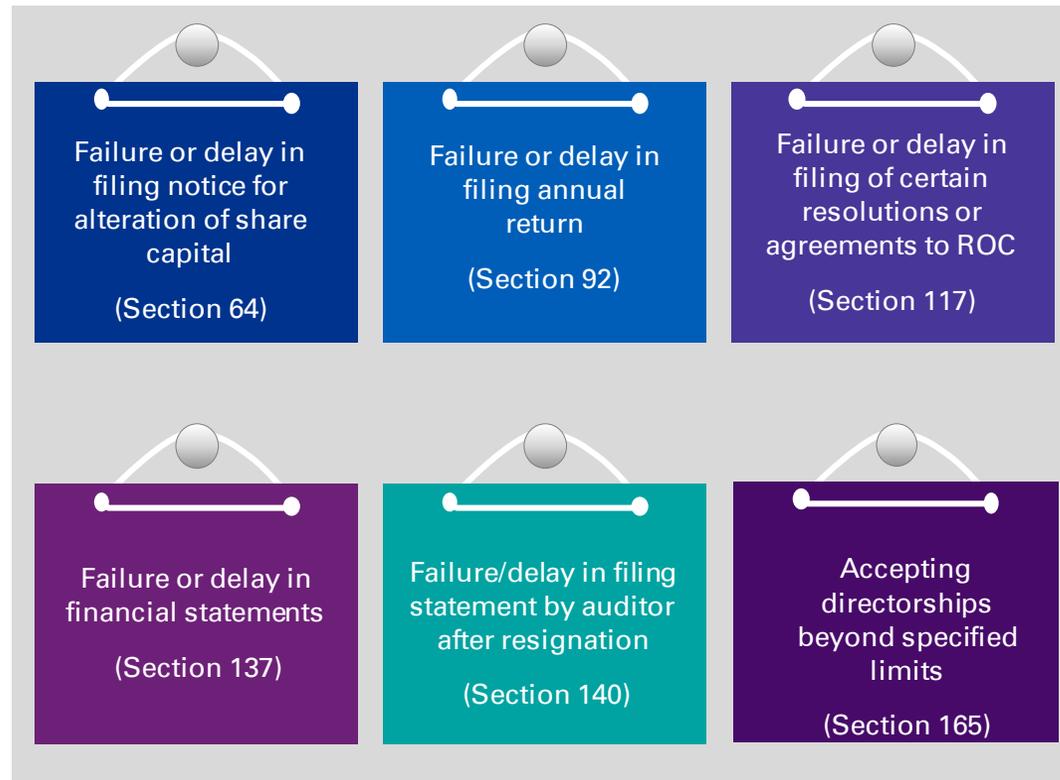
MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

1. MCA notified certain sections of the Companies (Amendment) Act, 2020

Part II - Changes in penalties

The 2020 Amendment Act rationalised penalties in respect of following six sections:





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

1. MCA notified certain sections of the Companies (Amendment) Act, 2020

Part III – Other sections notified

On 22 January 2021, 11 February 2021, 18 March 2021 and 24 March 2021, MCA notified certain sections of the 2020 Amendment Act. The following table discusses the sections notified along with amendments to the relevant Rules, if any:

Notified w.e.f. 18 March 2021

Chapter XI: Appointment and Qualifications of Directors (Section 149) Chapter XIII: Appointment and Remuneration of Managerial Personnel (Section 197)

Payment of remuneration to non-executive directors in case of inadequacy of profits or in case of losses
(Section 149 and 197)

The 2020 Amendment Act amended Section 149 and Section 197 to enable companies to pay remuneration to other directors (non-executive director or an independent director) in the event of inadequacy of profit/no profits.

As per the amendment, if a company has no profits or inadequate profits, an independent director would be eligible to receive remuneration, excluding fees for attending meetings, in accordance with the provisions of Schedule V of the 2013 Act.

Consequently, MCA amended Schedule V of 2013 Act. The amendments included reference of other directors i.e. non-executive director or an independent director in Schedule V of 2013 Act. Accordingly, a company with no profits/inadequate profits, may pay remuneration to the other directors not exceeding the limits given below:

Where the effective capital is	Limit of yearly remuneration payable shall not exceed (INR)
Negative or less than INR5 crore	12 Lakh
INR5 crore and above but less than 100 crore	17 Lakh
INR100 crore and above but less than INR250 crore	24 Lakh
INR250 crore and above	24 Lakh plus 0.01 per cent of the effective capital in excess of INR250 crore.



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

1. MCA notified certain sections of the Companies (Amendment) Act, 2020

Notified w.e.f. 22 January 2021

Notified w.e.f. 22 January 2021

Chapter I: Preliminary

Amendment to definition of listed company (Section 2(52))

The 2020 Amendment Act empowers the Central Government in consultation with the Securities and Exchange Board of India (SEBI) to exclude, certain listed companies and private companies with the intention of getting listed certain class of its securities, from the category of 'listed companies'.

Amendment to Companies (Specification of definitions details) Rules, 2014:
On 19 February 2021, MCA inserted a new Rule 2A with effect from 1 April 2021. This rule excludes following class of companies from the definition of listed companies:

- i. Public companies which have not listed their equity shares but have listed their:
 - Non-Convertible Debt Securities (NCDS) and Non-Convertible Redeemable Preference Shares (NCRPS) issued on private placement basis.
 - NCDS and NCRPS issued on private placement basis in terms of Debt Regulation or NCRPs Regulation respectively.
- ii. Private companies which have listed their NCDS on private placement basis in terms of Debt Regulations.
- iii. Public companies whose equity shares are listed on a stock exchange in permissible foreign jurisdiction as specified in Section 23(3)¹ of the 2013 Act.

Additionally, MCA through notification dated 1 February 2021², amended the definition of a small company. The amendment clarified that paid up capital and turnover of a small company should not exceed INR2 crore and INR20 crore respectively.

Chapter IX: Account of Companies

Periodical financial results (Section 129A)

The 2020 Amendment Act inserts a new Section 129A relating to requirement of periodical financial results. The section enables Central Government to prescribe such class or classes of unlisted companies to:

- Prepare periodical financial results (period and form to be prescribed)
- Obtain approval of the Board of Directors
- Complete audit or limited review of such periodical financial results (manner to be prescribed)
- File a copy with the Registrar of Companies (ROC) within 30 days of completion of the relevant period (fees to be prescribed).

The MCA is yet to prescribe Rules to specify the class or classes of unlisted companies to which this section would be applicable and other procedures to be applicable to specified class of unlisted companies.

1. Section 23(3) has been introduced by 2020 Amendment Act. However, the same has not been notified yet. Section 23(3) empowers the Central Government to allow certain classes of public companies to list classes of securities in foreign jurisdictions.

2. Effective from 1 April 2021



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

1. MCA notified certain sections of the Companies (Amendment) Act, 2020

Notified w.e.f. 22 January 2021

Chapter IV: Share Capital and Debentures

Reduction of timelines for rights issue process (Section 62(1))

In 2019, SEBI reduced the timeline for the rights issue process as prescribed under the SEBI ICDR Regulations 2018. Accordingly, the 2020 Amendment Act amended Section 62(1) of the 2013 Act to enable the Central Government to reduce the rights issue offer period. The amendment removes the current requirement of mandatory period of minimum 15 days offer to accept rights issue.

Amendment to Companies (Share Capital and Debenture) Rules, 2014 (Share Capital Rules):

MCA through amendment to Share Capital Rules has issued a new Rule 12A to prescribe number of days for offer to be accepted. As per the new Rule 12A, for the purposes of Section 62(1), the time period within which the offer should be made for acceptance shall be not less than seven days from the date of offer.

Notified w.e.f. 22 January 2021

Chapter VII: Management and Administration

Resolutions and agreements to be filed with the ROC by the company (Section 117(3))

Currently under Section 117(3) of the 2013 Act, banks are exempted from filing of resolutions to ROC relating to grant of loans or giving guarantees in respect of loans.

The 2020 Amendment Act introduces amendments to Section 117(3) to provide similar exemption to registered non-banking financial companies and housing finance companies, engaged in lending activities in their regular course of business, similar to the banking activities.

Notified w.e.f. 24 March 2021

Chapter VIII: Declaration and Payment of Dividend

Failure to comply with the requirements given under section 124 dealing with unpaid dividend account, etc. (Section 124(7))

The penalty amount for failure to comply with the requirements of Section 124 has been reduced to INR1 lakh from INR5 lakh in case of company and INR25,000 from INR1 lakh in case of officer in default.

In case a default continues, the penalty has been fixed as INR500 per day subject to the maximum penalty of INR10 lakh in case of a company and INR100 per day subject to maximum of INR2 lakh in case of an officer in default.



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

1. MCA notified certain sections of the Companies (Amendment) Act, 2020



Key takeaways

With the recent MCA notifications, the 2020 Act is now largely effective. The 2020 Amendment Act was issued with an aim to foster improved corporate compliance framework for the corporates in India.

Some of the key considerations are as follows:

Decriminalising offences

A large part of newly notified amendments relates to decriminalising the offences under the 2013 Act. The sections of the 2020 Amendment Act notified amends provision relating to 45 offences, so as to either remove criminality, or to restrict the punishment to only fine, or to allow rectification of defaults through alternative methods.

Rationalisation of penalties

The Amendment Act also reviewed the quantum of penalties and amended six sections considering the gravity of default. The changes brought by the Amendment Act would allow companies to rectify the default by paying the penalty and provide such defaulting companies with the chance to become compliant with the provisions of the law.

Excluding certain class of companies from the definition of 'listed company'

The 2020 Amendment Act amended the definition of 'listed company' to exclude certain class or classes of companies as listed companies. The government would be issuing rules and criteria to establish the parameters to understand which companies would be outside the scope of listed companies.

Periodic financial results for unlisted companies

The amendment expects to raise the bar of corporate governance of certain classes of unlisted companies. Further, the prescribed timelines for filing with the ROC, i.e., 30 days from the completion of the relevant period, seems to be onerous and stricter than the timelines applicable to listed companies.

Payment of remuneration to non-executive directors in case of inadequacy of profits or in case of losses

Currently under the 2013 Act, there is inconsistency in payment of remuneration in case of inadequacy of profits or losses to executive directors vis-à-vis non-executive directors. Considering this, the 2020 Amendment Act amended relevant provisions under Section 149 and 197 of the 2013 Act, to provide remuneration for non-executive

directors, including independent directors, in case of inadequacy of profits similar to executive directors.

The 2020 Amendment Act recognised that non-executive directors, including independent directors, devote their valuable time and have experience to give critical advice to the company. Therefore, they should be appropriately compensated for the same even in case of inadequacy of profits or losses as is permissible for executive directors.

Remaining sections not yet notified

Following are some of the key sections which are still pending to be notified:

- Non-compliance with order of the Regional Director (RD) directing change of name of a company (Section 16)
- Direct listing in foreign jurisdictions (Section 23)
- Penalty for delay in filing the annual return or financial statement (Section 403).

For a detailed read, please refer to KPMG in India's First Notes dated 13 January 2021, 17 February 2021 and 8 March 2021

(Source: MCA notification no. S.O 4646(E) dated 21 December 2020, S.O.325(E) dated 22 January 2021 S.O.644(E) dated 11 February 2021, Producer Companies Rules, 2021 dated 11 February 2021 Companies (Specification of definitions details) Second Amendment Rules, 2021 dated 19 February 2021, MCA notification no. S.O. 1255(E). dated 18 March 2021, MCA notification no. S.O. 1256(E). dated 18 March 2021, MCA notification no. S.O. 1303(E). dated 24 March 2021)



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

2. MCA amended CSR provisions under the 2013 Act

MCA through its notification dated 22 January 2021 has amended CSR provisions under the 2013 Act. Key amendments are as follows:

Notified provisions with respect to CSR: The MCA has notified certain provisions of the Companies (Amendment) Act, 2019 and the Companies (Amendment) Act, 2020 (2020 Act) relating to CSR with effect from 22 January 2021. Additionally, MCA has issued certain amendments to the Companies (CSR Policy) Rules, 2014 (CSR Rules).

The key features of the notified provisions and the amendments to CSR Rules are as follows:

a. Unspent amount of CSR on ongoing CSR projects (Section 135(6)): In case the CSR amount remains unspent pursuant to any ongoing CSR project undertaken by a company as per its CSR policy, then the company should transfer such unspent amount to a special account within a period of 30 days from the end of the Financial Year (FY). The company should spend the amount transferred to the unspent CSR account within a period of three FYs from the date of such transfer as per its obligation towards the CSR policy.

In case it fails to spend the amount within the specified period, it would be required to transfer the same to a fund specified in Schedule VII of the 2013 Act, within a period of 30 days from the date of completion of the third FY.

- b. Unspent amount on CSR activities (Section 135(5)):** In other cases when there is no ongoing project, the unspent amount should be transferred to a fund specified in Schedule VII of the 2013 Act within a period of six months from the expiry of the FY
- c. Revised definitions (Rule 2 of CSR Rules):** The amendments have revised definitions of certain terms relevant to the applicability of CSR provisions under the 2013 Act as below:

CSR: CSR would mean the activities undertaken by a company in pursuance of its statutory obligation laid down in Section 135 of the 2013 Act excluding activities such as follows:

- i. Activities undertaken in pursuance of normal course of business of the company
- ii. Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level
- iii. Contribution of any amount directly or indirectly to any political party
- iv. Activities benefitting employees of the company as defined in Section 2(k) of the Code on Wages, 2019
- v. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services

- vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

2. MCA amended CSR provisions under the 2013 Act

CSR policy: CSR policy statement should contain the approach and direction given by the board of a company, taking into account the recommendations of its CSR committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

Ongoing project: An ongoing project has been defined to mean a multi-year project undertaken by a company in fulfilment of its CSR obligation with timelines not exceeding three years (excluding the FY in which it was commenced). It should also include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on a reasonable justification.

d. CSR implementation (Rule 4 of CSR Rules): As per the amendments, every company who intends to undertake any CSR activity should register itself with the Central Government (CG) by filing the form CSR-1 electronically with the Registrar of Companies (ROC) with effect from the 1 April 2021. However, the provisions would not apply to the CSR projects or programmes approved prior to 1 April 2021.

e. CSR committee (Rule 5 of CSR Rules): The amendments require a CSR committee to formulate and recommend an annual action plan in pursuance of its CSR policy to the board of directors.

f. Manner of accounting of surplus funds from CSR activities (Rule 7 of CSR Rules): As per the amendments, any surplus arising out of the CSR activities would not form part of the business profit of a company and should either be ploughed back into the same project or should be transferred to the unspent CSR account and spent in pursuance of CSR policy and annual action plan of the company. It can also transfer the surplus amount to a fund specified in Schedule VII of the 2013 within a period of six months of the expiry of the FY.

g. Creation/acquisition of an asset (Rule 7 of CSR Rules): As per the amendments, the CSR amount may be spent by a company for creation or acquisition of a capital asset, which should be held by:

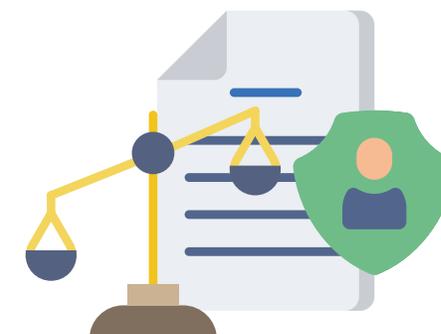
- i. A company established under Section 8 of the 2013 Act, or a registered public trust or registered society with charitable objects and CSR registration number
- ii. Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities or
- iii. A public authority.

h. Impact assessment (Rule 8 of CSR Rules): The amendments require every company with an average CSR obligation of INR10 crore or more (in the three immediately preceding FYs) to undertake an impact assessment of their CSR projects with outlays of INR1 crore or more and which have been completed not less

than one year before undertaking the impact study. The assessment should be done through an independent agency. The impact assessment reports should be placed before the board of directors and should be annexed to the annual report on CSR.

i. New format of annual report on CSR (Annexures to CSR Rules): The amendments have also introduced a new format for the annual report on CSR activities to be included in the board's report for FY commencing on or after 1 April 2020. It also provides the format of e-form CSR-1 for registration of entities undertaking CSR activities.

j. Exemption from forming a CSR committee (Section 135(9)): As per amendment, if the amount to be spent by a company on CSR is less than INR50 lakh then a CSR committee is not required to be formed. In this case, the board of directors of such a company would discharge the functions of a CSR committee.





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

2. MCA amended CSR provisions under the 2013 Act

- k. Excess CSR spend (Section 135(5) and Rule 7):** The amendments also permit a company which spends an amount in excess of the prescribed amount of two per cent on CSR activities, to set-off excess amount against the requirement to spend for such number of succeeding FYs and in such manner, as may be prescribed. The amendments to the CSR Rules further clarified that the excess amount can be carried forward up to immediately succeeding three FYs. However, following conditions have to be fulfilled:
- i. The excess amount available for set off should not include the surplus arising out of the CSR activities, if any and
 - ii. for non-compliance with CSR provisions (SectThe board of the company should pass a resolution to that effect.
- l. Penalty ion 135(7)): Following penalty clauses has been inserted for non-compliance of provisions relating to CSR:**
- i. *On a company:* Twice the amount required to be transferred by the company to the fund specified in Schedule VII of the 2013 Act, the unspent CSR account or INR1 crore whichever is lower, and
 - ii. *On every officer in default:* One-tenth of the amount required to be transferred to the fund specified in Schedule VII of the 2013 Act, the unspent CSR account or INR2 lakh, whichever is lower.

Effective date: The amendment is effective from 22 January 2021 except for filing of form CSR-1 which is effective from 1 April 2021.

Also refer KPMG in India's First Notes MCA amended CSR provisions under the Companies Act, 2013 dated 12 February 2021

Key takeaway

The MCA has notified the much-awaited provisions relating to CSR along with prescribing certain very important requirements through amendments to the CSR Rules. The amendments are in line with the recommendations of the high-level committee of CSR which were aimed towards developing a robust and coherent CSR regulatory and policy framework and underlying ecosystem. Also with the amended CSR provisions, there would be a significant increase in the responsibilities of the board of directors of a company.

(Source: MCA notification no. S.O.324(E)/325(E) and notification no. G.S.R.40(E) dated 22 January 2021)

Other notifications relating to CSR

- **MCA clarification on spending CSR funds on COVID-19 vaccination programme:** Spending of funds earmarked for CSR for carrying out awareness campaigns/programmes or public outreach campaigns on COVID-19 vaccination programme is an eligible CSR activity under the provisions of the 2013 Act. Companies may undertake these activities subject to the fulfilment of the requirements of the CSR Rules and circulars related to CSR issued by MCA from time to time.
(Source: MCA general circular no. 01/2021 dated 13 January 2021)
- **Amendments to Schedule VII to the 2013 Act:** Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) is an eligible Corporate Social Responsibility (CSR) activity which can be included by companies in their CSR policies. The notification has been made effective from 28 March 2020.

Additionally, effective 24 June 2020, measures for the benefit of Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows would be considered eligible CSR activities.

(Source: MCA notification no. G.S.R. 313(E) dated 26 May 2020 and notification no. G.S.R. 399(E) dated 23 June 2020)



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

2. MCA amended CSR provisions under the 2013 Act

- Technical Guide on Accounting for Expenditure on CSR Activities:** The ICAI has released a technical guide which provides detailed guidance on the recognition, measurement, presentation and disclosure of expenditure on activities relating to CSR. The guide also incorporates amendments made by the 2019 Amendment Act, 2020 Amendment Act and provides guidance on changes in measurement and accounting of CSR consequent to the amendments. The technical guide supersedes the guidance note on CSR issued by ICAI in May 2015.

(Source: Technical Guide on Accounting for Expenditure on CSR Activities issued by ICAI in July 2020)

- Handbook on audit of CSR activities:** The ICAI has released a 'Handbook on audit of CSR activities' which provides detailed guidance on the auditing aspects of CSR spends. The handbook also incorporates relevant provisions of the 2013 Act and reporting requirements under the Companies (Auditor's Report) Order, 2020 (CARO 2020) relating to CSR.

(Source: Handbook on audit of CSR activities issued by ICAI in December 2020)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

3. MCA issued amendments to Ind AS

In line with the amendments made to IFRS, on 24 July 2020, the MCA has issued amendments to certain Ind AS summarised below:

Standard	Summary of amendments
Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes In Accounting Estimates and Errors	<ul style="list-style-type: none"> Refined definition of term 'material' and related clarifications. Consequential amendments to other standards basis refined definition of material.
Ind AS 103, Business Combinations	<ul style="list-style-type: none"> Revised definition of a 'business'. Introduction of an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. Additional guidance on how to assess whether an acquired process is substantive.
Ind AS 109, Financial Instruments	<ul style="list-style-type: none"> Additional disclosures pertaining to interest rate benchmark reforms.
Ind AS 107, Financial Instruments: Disclosures	<ul style="list-style-type: none"> Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform.
Ind AS 116, Leases	<ul style="list-style-type: none"> Practical expedient which permits lessees not to account for COVID-19 related rent concessions as a lease modification³.

Effective date: The amendments are effective from annual reporting periods beginning on or after 1 April 2020. However, with respect to Ind AS 116, in case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2019.

For detailed discussion refer to KPMG in India's First Notes: Ind AS amendments including accounting for rent concessions and interest rate benchmark reforms dated 7 August 2020.

3. ICAI has issued an exposure draft on 7 April 2021 which proposes to extend the availability of the practical expedient by one year so that it applies to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

3. MCA issued amendments to Ind AS

Revised conceptual framework: In view of the issuance of new Conceptual Framework by the IASB and with an objective to remain converged with the global accounting framework, the ICAI has recently issued revised Conceptual Framework for Financial Reporting under Ind AS. The revised Conceptual Framework introduces some new concepts and clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS.

Temporary exceptions from applying specific hedge accounting requirements for entities not following Ind AS

ICAI through an announcement dated 31 March 2021, provided a temporary exception in hedge accounting guidance given in Guidance Note on Accounting for Derivative Contracts due to Interest Rate Benchmark Reform (GN on accounting for derivatives). These exceptions are in line with Ind AS 109 & Ind AS 107 temporary for potential effects of uncertainty caused by IBOR reforms. The temporary relief is applicable to the entities not following Ind AS but instead have been applying GN on accounting for derivatives.

The temporary exceptions are effective for annual reporting periods beginning on or after 1 April 2020.

(Source: MCA notification no. G.S.R. 463(E) dated 24 July 2020, 24 July 2020 and Revised conceptual framework issued by ICAI dated 28 August 2020 and ICAI announcement dated 31 March 2021)

Key takeaways

- The amendments are expected to provide much needed guidance on various important areas in particular those relating to interest rate benchmark reforms, accounting of rent concessions amid COVID-19 and determination of a business combination and an asset acquisition.
- In order to align with IFRS, the definition of material has been refined in Ind AS well to make it easier to comprehend. The amendments have incorporated certain examples of information being obscured to be considered by entities with a view to deal with the challenges faced in identification of information which is obscure.
- The new definition of a business is narrower - this would result in fewer business combinations being recognised. An optional concentration test has been introduced in Ind AS 103 which provides a simplified assessment which if met would result in an asset acquisition accounting.
- The shift in the benchmark interest rates (such as Inter-Bank Offer Rates (IBORs)) with alternative, nearly risk-free interest rates (alternate interest rates) is expected to pose stability and liquidity risks for global markets and introduces financial risks and accounting challenges to all companies with IBOR exposures - banks and corporates alike.
- Determination of eligibility of the rent concession for practical expedient would require a company to exercise judgement including consideration of its terms and an analysis of the original terms of the contract to ensure that there are no other substantive changes that may make it ineligible.





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

MCA notified certain sections of the Companies (Amendment) Act, 2020

MCA amended CSR provisions under the 2013 Act

MCA issued amendments to Ind AS

Norms for purchase of minority shareholding in demat form

4. Norms for purchase of minority shareholding in demat form

The MCA through notification dated 18 December 2020, notified guidelines for purchase of minority shareholding held in demat form.

The key requirements as prescribed by the guidelines are as follows:

- **Verification of details:** A company should verify the details of the minority shareholders holding shares in dematerialised form within two weeks from the date of receipt of the amount equal to the price of shares to be acquired by the acquirer (under Section 236 of the 2013 Act).
- **Notice to shareholders:** Once verified, a notice should be sent by the company 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.
- **Intimation to depository:** Immediately after publication of the notice, the company is required to inform the depository about the cut-off date along with following declarations:

- The corporate action⁴ is being effected in pursuance of the provisions of Section 236 of the 2013 Act
 - The minority shareholders whose shares are held in dematerialised form have been informed about the corporate action (a copy of the notice served to such shareholders and published in the newspapers to be attached)
 - The minority shareholders should be paid by the company immediately after completion of corporate action
 - Any dispute or complaints arising out of such corporate action should be the sole responsibility of the company.
- **Transfer of shares by depository into demat account:** The depository would 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.
 - **Disbursement of price:** 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.

- **Transfer of shares from demat account:** The company should inform the depository to transfer the shares of shareholders, kept in the designated DEMAT account of the company, to the DEMAT account of the acquirer upon successful payment to the minority shareholders.

Effective date: The provisions are applicable from the date of their publication in the official gazette i.e. 18 December 2020.

(Source: MCA notification no. G.S.R. 773(E) dated 18 December 2020)



4. 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.



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

Listing Regulations

1. Disclosure norms on forensic audit by listed entities

On 8 October 2020, SEBI issued certain amendments to the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulations) relating to disclosure requirements of forensic audit related to listed entities.

Para A of Part A of Schedule III to the Listing Regulations specifies events which are deemed to be material events to be reported by companies with listed specified securities (i.e. equity shares and convertible securities). These events should be informed to the recognised stock exchange(s) as soon as possible but not later than 24 hours from the occurrence of the event or information. Those, inter alia, include events relating to:

- Fraud/defaults by a promoter, Key Managerial Personnel (KMP) or by the listed company
- Arrest of KMP or promoter
- Change in directors, KMP, auditor and compliance officer
- Resignation by an auditor and independent director of the listed company.

Amendment

In addition to the above requirements, every company with listed specified securities is required to make the following disclosures to the stock exchange(s) in case of initiation of forensic audit (by whatever name called):

- 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.

The amendments are effective from the date of their **Effective date:** publication in the Official Gazette i.e. 9 October 2020.

FAQ issued by SEBI

On 27 November 2020, SEBI issued Frequently Asked Questions (FAQs) to provide clarifications to certain aspects of its circular dealing with the requirement of the disclosure of information regarding forensic audit of listed entities. Those clarifications are as follows:

- Scope of forensic audits:** The FAQ clarified that the audits (by whatever name called), which are initiated with the objective of detecting any mis-statement in financials, mis-appropriation/ siphoning or diversion of funds would be covered. Also, audit on matters such as product quality control practices, manufacturing practices, recruitment practices, supply chain process including procurement and matters that would not require any revision to the financial statements disclosed by the listed entity would be out of the scope of disclosure.
- Disclosure of initiation of forensic audit:** The fact of initiation of any forensic audit by the management of a listed entity, lenders, regulatory/enforcement agencies, is required to be disclosed.

- Applicability:** It was clarified that the new requirement is applicable prospectively and is applicable to all audits which are initiated and audit reports which are finalised after 8 October 2020.
- Expungement from the disclosure of the final forensic audit report:** The disclosure of any personally identifiable information including names of individuals and commercially sensitive information, if any, may be expunged.

Also refer to KPMG in India's First Notes on 'SEBI issues amendments for listed companies including disclosure of forensic audit' dated 28 October 2020.



Key takeaway

There has been a rise in the number of incidents of corporate fraud and defaults by companies across the world. The introduction of the requirement for disclosure of forensic audits is an additional requirement to bring transparency and provide visibility on such incidents and their outcomes to regulators and other stakeholders. However, this will require careful consideration of what would need to be disclosed and also the interplay of these requirements with the existing frameworks.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2020/33 dated 8 October 2020 and SEBI-FAQ on disclosure of information related to forensic audit of listed entities dated 27 November 2020.)



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit	Uniform structure for imposing fines	Open offers, buybacks and delisting	Minimum promoter's contribution	Relaxation in lock-in period	Refund of application money	Schemes of arrangement	Takeover Regulations	Unfair trade practices regulations	Insider trading norms	listing of securities	Guidelines for InvIT for rights issue
----------------	--------------------------------------	-------------------------------------	---------------------------------	------------------------------	-----------------------------	------------------------	----------------------	------------------------------------	-----------------------	-----------------------	---------------------------------------

2. SEBI issues uniform structure for non-compliance with provisions related to continuous disclosures by issuers with listed NCDS/NCRPS/CPs

SEBI through a circular dated 13 November 2020 has issued a uniform structure for imposing fines and taking appropriate actions by the stock exchange(s) in respect of non-compliance with continuous disclosure requirements (as laid down in Listing Regulations and related SEBI circulars) by issuers of listed Non-Convertible Debt Securities (NCDS)/Non-Convertible Redeemable Preference Shares (NCRPS)/Commercial Papers (CPs).

Following are the fines prescribed by the circular:

Particulars	Fine payable and/or other action to be taken for non-compliance by an entity with listed NCDS/NCRPS
Failure to intimate stock exchange (s):	
Delay in furnishing prior intimation with respect to date of payment of interest / redemption amount or intimation regarding board meeting effecting the rights or interest of holders of NCDs/NCRPS.	INR1,000 per International Securities Identification Number (ISIN)
Non-compliance with regulations relevant to financial results:	
a. Non-submission of the financial results within the specified timeline by an issuer with listed NCDS/NCRPS/CPs.	INR5,000 per day
b. Non-disclosure of line items as prescribed while filing half yearly/annual financial results (including non-disclosure by an issuer of listed CPs) or non-disclosure of items pertaining to NCRPS as notes to financials as required.	INR1,000 per day
c. Non-submission of a certificate signed by the debenture trustee taking note of the contents specified in (b) above.	INR1,000 per day
d. Non-submission of deviations/ variations in utilisation of issue proceeds.	INR1,000 per day
Non-compliance with regulations for assets cover:	
Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements.	INR1,000 per day
Non-compliance with regulations for structure of NCDS and NCRPS:	
Failure to obtain prior approval of stock exchange for any structural change in terms of NCDs/ NCRPS.	INR50,000 per instance



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

Particulars	Fine payable and/or other action to be taken for non-compliance by an entity with listed NCDS/NCRPS
Non-compliance with website norms:	
Non-compliance with norms pertaining to functional website.	Advisory/warning letter per instance of non-compliance per item INR10,000 per instance for every additional advisory/warning letter exceeding the four advisory/ warning letters in a financial year.
Payment obligations by an issuer of listed CPs:	
Non-submission of certificate regarding fulfillment of payment obligations by an issuer of listed CPs	INR1,000 per day per ISIN
Non-compliance with regulations for other submissions to stock exchange (s):	
Non-disclosure of information related to payment obligations.	INR1,000 per day per ISIN
Non-compliance with respect to record date:	
Delay in submission of the notice of record date.	INR10,000 per ISIN

The fines specified in the structure would continue to accrue till the time of rectification of the non-compliance and to the satisfaction of the concerned recognised stock exchange. Such accrual would be irrespective of any other disciplinary/enforcement action(s) initiated by recognised stock exchange(s) or SEBI.

The provisions of the circular would be effective for compliance period ending on or after 31 December 2020

(Source: SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/231 dated 13 November 2020)



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

3. Clarification on open offers, buybacks and delisting of securities of listed companies

Currently, as per Regulation 40(1) of the Listing Regulations, request for transfer of a security is permitted to be processed only when the securities are held in dematerialised form with a depository (except in case of transmission of securities)

SEBI through a circular dated 31 July 2020 has allowed shareholders holding securities in physical form to tender shares in open offers, buybacks through tender offer route and exit offers in case of voluntary or compulsory delisting. However, such tendering would be as per provisions of respective regulations.

The provision of this circular is effective from 31 July 2020



Key takeaway

This would enable shareholders holding securities in physical form to expediate share tendering process in the above scenarios.

(Source: SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated 31 July 2020)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

ICDR Regulations

4. Additional exemption from minimum promoter's contribution

SEBI through a notification dated 8 January 2021 issued amendment to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) relating to minimum promoter's contribution. The amendment modified the exemption given to an issuer whose equity shares are frequently traded on a stock exchange from minimum promoter's contribution. As per the revised requirement, minimum promoter's contribution will not be applicable in case where the equity shares of the issuer are frequently traded on a stock exchange for a period of at least three years immediately preceding the reference date and the issuer is in compliance with the following conditions:

- The issuer has redressed at least 95 per cent of the complaints received from investors till the end of the quarter immediately preceding the reference date.
- The issuer has been in compliance with the Listing Regulations for a minimum period of three years immediately preceding the reference date. In case an issuer has not complied with the provisions of the Listing Regulations relating to composition of board of

directors for any quarter during the last three years immediately preceding the date of filing draft offer document/offer document, but has complied with the same at the time of filing of document with adequate disclosures about such non-compliances (during the three years immediately preceding the date of filing the draft offer document/offer document) being made in the offer document, then the issuer will be deemed to have complied with the said condition.

Effective date: The amendments are effective from 8 January 2021.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2021/03 dated 8 January 2021)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

5. Relaxation in lock-in period for equity shares issued pursuant to any resolution of stressed assets

Currently, equity shares issued on a preferential basis pursuant to any resolution of stressed assets under a framework specified by the Reserve Bank of India (RBI) or a resolution plan approved by the NCLT under the Insolvency and Bankruptcy Code, 2016 should be locked-in for a period of one year from the trading approval.

Amendment

As per the amendments, the above lock-in provision will not be applicable to the specified securities to the extent to achieve 10 per cent public shareholding.

Effective date: The amendments are effective from 8 January 2021.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2021/03 dated 8 January 2021)

6. SEBI reduced timelines for refund of application money

Currently, SEBI (ICDR) regulations requires issuer to refund application money as per below timelines:

- In case of non-receipt of minimum subscription amount, the application money is required to be refunded within a period of 15 days from the closure of issue
- In case of failure to obtain listing/trading permission from the stock exchanges, the application money is required to be refunded within a period of seven days from the date of receipt of intimation of rejection from the stock exchanges.

SEBI through circular dated 31 March 2021, reduced the above timelines in relation to refund of application money by the issuer to four days from the closure of the issue or from the date of receipt of intimation of rejection from the stock exchanges as the case may be.

(Source: SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated 31 March 2021)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

Others

7. SEBI streamlines the framework for schemes of arrangement for listed companies

On 3 November 2020, SEBI made certain amendments to the regulatory framework for schemes of arrangements by listed companies as laid down in its circular dated 10 March 2017 which had prescribed requirements to be complied with by the listed companies while undertaking schemes of arrangements. The amendments relate to the following areas:

a. Documents to be submitted by the listed company to the stock exchanges before the scheme is submitted to the National Company Law Tribunal (NCLT)

- *Report from the audit committee:* The amendment requires audit committee to comment on the matters and include them in its report while submitting to stock exchange such as need and rational for the arrangement/scheme and synergies of business of the entities involved, impact on the shareholders and cost benefit analysis of the scheme.
- *Valuation Report:* Listed companies are required to obtain the valuation report from a registered valuer as defined to mean a person, registered as a valuer as specified in Section 247 of the 2013 Act.

- *Report from a committee of independent directors:* The amendments introduced requirement to submit a report from a committee of independent directors to the stock exchange(s) by the listed company. The report should recommend the draft scheme, taking into consideration, inter alia, that the scheme is not detrimental to the shareholders of the listed company.

Effective date: These amendments are applicable to all the schemes filed with the stock exchanges after 17 November 2020.

- #### b. Obligations of the stock exchange(s) and processing of the draft scheme by SEBI:
- The amendments have removed the requirement of stock exchange(s) to provide an observation letter on the draft scheme to SEBI. Now, stock exchange(s) would provide a 'No-Objection' letter to SEBI on the draft scheme in coordination with each other. Consequently, SEBI would issue a comment letter upon receipt of 'No-Objection' letter from the stock exchange(s).

Effective date: The amendments are applicable to all the schemes filed with the stock exchanges after 17 November 2020.

Conditions for companies seeking relaxation under Rule 19(7) of the Securities Contracts (Regulation) Rules, 1957:

Some key amendments are as follows:

- Additional disclosures prescribed while issuing a newspaper advertisement for seeking relaxation from minimum public shareholding.
- Disclosures to be provided in the form of an information document to the stock exchange by a transferee company.
- Listing and trading of specified securities to commence within 60 days (earlier 45 days) or receipt of the order of the high court/NCLT.
- Non applicability of minimum offer and allotment requirements to the listing of equity shares with superior voting rights issued to promoter group.

The amendments are effective for scheme submitted to the stock exchange after 17 November 2020 except for para 7 of the annexure to the circular (dealing with certain disclosures in the newspaper) which will be applicable for all listed entities seeking listing and/or trading approval after 3 November 2020.

Also refer to KPMG in India's First Notes on 'SEBI streamlines the framework for schemes of arrangement for listed companies' dated 19 November 2020.

(Source: SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3 November 2020)



COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue



Key takeaways

The amendments to the framework aim to streamline the process of draft schemes of arrangement filed by the listed companies and to empower the stock exchanges with the decision making regarding such schemes. These amendments would help ensure that the recognised stock exchanges refer draft schemes to SEBI only upon being fully convinced that the listed company is in compliance with SEBI Act, Rules, Regulations and circulars issued thereunder. Additionally, these amendments seek to strengthen the process relating to a scheme of arrangement within a company by adding responsibility on independent directors and audit committees to review these schemes. It also enhances the responsibility on the companies to include additional disclosures in their filing with the stock exchanges.

Some of the key areas to consider are:

- An audit committee would shoulder more onus and would need to comment on certain additional matters

in its report recommending the draft scheme of arrangement.

- The amendment relating to observation letter seems to indicate that a draft scheme would not be considered by SEBI unless the observations of stock exchanges, if any on the scheme have been resolved by the listed company.
- The committee of independent directors is expected to review the scheme and help to improve the overall credibility of schemes of arrangement undertaken by the listed companies keeping the interest of all stakeholders in mind including minority shareholders.
- Additional disclosures for seeking relaxation from minimum public shareholding are expected to facilitate greater transparency and better decision-making by stakeholders.





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

8. Amendment to Takeover Regulations

SEBI through a notification dated 1 July 2020 has amended the Takeover Regulations. As per the amendment, in case of indirect acquisitions where public announcement has been made, an acquirer is required to deposit an amount equivalent to 100 per cent of the consideration payable in the open offer in the escrow account.

Further, in case the acquirer is unable to make payment to the shareholders who have accepted the open offer within prescribed period, the acquirer would be liable to pay an interest of 10 per cent per annum for the period of delay to all such shareholders whose shares have been accepted in the open offer.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2020/20 dated 1 July 2020)

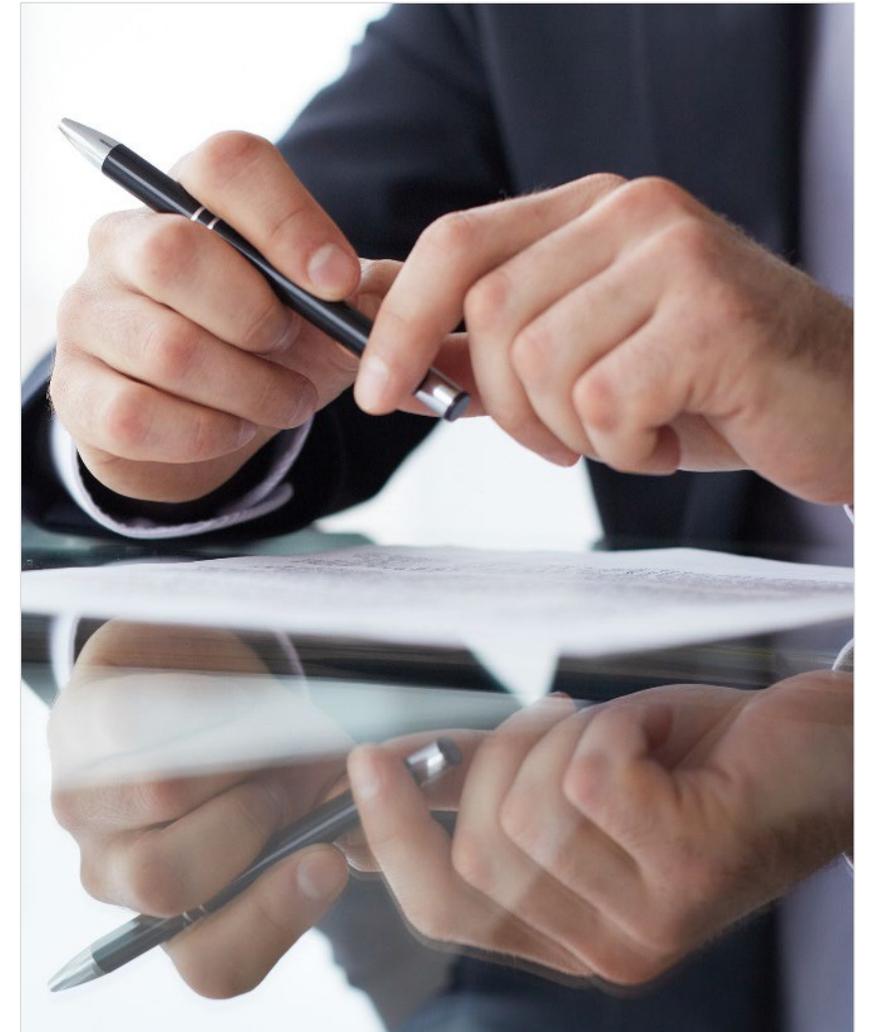
9. SEBI clarification on fraudulent and unfair trade practices for listed companies

On 19 October 2020, SEBI issued SEBI (Prohibition of fraudulent and unfair trade practices relating to securities market) (Second amendment) Regulations, 2020 to amend the Unfair Trade Practices Regulations and added an explanation to Regulation 4(1) of the Unfair Trade Practices Regulations.

The explanation clarified that any act of diversion, misutilisation, siphoning-off of assets, earnings of a company, or any concealment of such an act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company and should always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

The amendment is effective from 19 October 2020.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2020/36 dated 19 October 2020)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

10. Amendments to insider trading norms

- **Revised clarification to insider trading regulations:** On 17 July 2020, SEBI issued amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) which, *inter alia*, included amendments relating to maintenance and preservation of the structured digital database by a listed company.

In line with the amendments to the PIT Regulations, on 8 October 2020 SEBI issued revised clarification relating to information to be maintained in a structured digital database, in case the designated person is a fiduciary or intermediary. SEBI clarified that the listed company should maintain a structured digital database internally, which should contain information including the details of UPSI and details of persons with whom such UPSI is shared.

Additionally, another structured digital database should be maintained by fiduciary or intermediary capturing the above information.

(Source: SEBI notification No SE. BI/LAD-NRO/GN/2020/23 dated 17 July 2020 and SEBI-FAQs on SEBI (PIT) Regulations, 2015 dated 8 October 2020)

- **System Driven Disclosures (SDD) under PIT Regulation:** SEBI vide its notification dated 9 September 2020, decided to implement the system driven disclosures for member(s) of promoter group and designated person(s) in addition to the promoters and directors of company under Regulation 7(2) of PIT Regulations. The SDD under PIT Regulations would pertain to trading in equity shares and equity derivative instruments i.e. futures and options of the

listed company (wherever applicable) by the entities. The system would continue to run parallel with the existing system till 31 March 2021.

(Source: SEBI circular no. SEBI/HO/ISD/ISD/CIR/P/2020/168 dated 9 September 2020)

- **Revised disclosure formats under insider trading regulations:** On 9 February 2021, SEBI has issued revised formats for the following disclosures under Regulation 7 of the PIT Regulations:
 - Disclosure on becoming a key managerial personnel/director/promoter/member of the promoter group
 - Continual disclosures
 - Transactions by other connected persons as identified by the company.

The revised formats are updated to incorporate the changes made to the Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2019 which included reference of 'member of the promoter group' and 'designated person' in place of employee in Regulation 7 of the PIT Regulations.

Under the new format, details of securities held upon becoming a member of the promoter group of a listed company and immediate relatives of such persons need to be disclosed and stock exchange on which trade was executed also needs to be disclosed.

(Source: SEBI circular no SEBI/HO/ISD/ISD/CIR/P/2021/19 dated 9 February 2021)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

Forensic audit

Uniform structure for imposing fines

Open offers, buybacks and delisting

Minimum promoter's contribution

Relaxation in lock-in period

Refund of application money

Schemes of arrangement

Takeover Regulations

Unfair trade practices regulations

Insider trading norms

listing of securities

Guidelines for InvIT for rights issue

11. Standardisation of timeline for listing of securities issued on a private placement basis

SEBI, vide circular dated 5 October 2020, has issued clarification in respect of time period within which securities issued on private placement basis under SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, etc. need to be listed after completion of allotment.

In case of delay in listing of securities issued on a private placement basis beyond the prescribed timelines an issuer would be:

- a. Liable to pay a penalty at the rate of one per cent per annum over the coupon rate for the period of delay to the investor (i.e. from date of allotment to the date of listing) and
- b. Permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after receiving final listing approval from stock exchanges.

(Source: SEBI circular no. SEBI/HO/DDHS/CIR/P/2020/198 dated 5 October 2020)

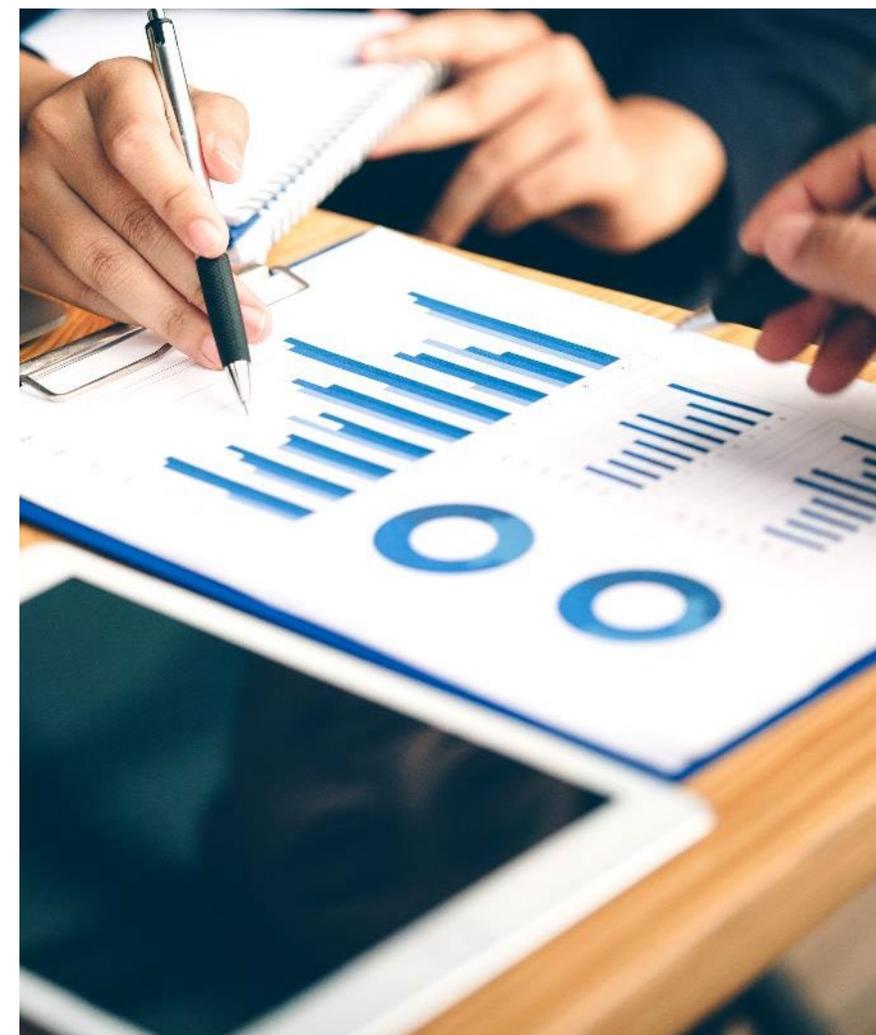
12. SEBI issues guidelines for rights issue of units by an unlisted InvIT

Currently, Chapter VIA of the of SEBI (Infrastructure Investment Trusts) Regulations, 2014 (InvIT Regulations) provides the framework for private placement of units by InvITs which are not eligible to be listed.

With a view to enable unlisted InvITs to raise further funds, SEBI through a circular dated 4 November 2020 has introduced a mechanism for raising of funds by unlisted InvITs through rights issue of units and has also issued related guidelines.

Key requirements of the guidelines for the rights issue, inter alia, include conditions for making rights issue, timelines, pricing of units, filing of the letter of offer and minimum allotment amount, etc.

(Source: SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/223 dated 4 November 2020)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

RBI issued regulatory framework for HFCs

Clarification on implementation of Ind AS by NBFCs and ARCs

Revision to Long Form Audit Report (LFAR)

Risk based internal audit framework for banks

Mandatory risk-based internal audit framework for NBFCs

CBDT amends the Tax Audit Report (Form 3CD)

1. RBI issued regulatory framework for HFCs

On 22 October 2020, after considering the inputs received from the industry, RBI issued a circular on Regulatory Framework (Regulations) for HFCs introducing changes. The Regulations intend to align the regulatory framework for HFCs with the one prevalent for Non-Banking Financial Companies (NBFCs).

The Regulations provide that the existing guidelines issued by the NHB applicable to HFCs would continue to apply unless the relevant provision has been prescribed by the regulations such as provisions relating to transfer to reserve fund, maintenance of percentage of assets etc.

The Regulations exempt HFCs from complying with the provisions of Chapter III B of the Reserve Bank of India Act, 1934 (RBI Act) except for the registration and Net Owned Funds (NOF) requirements. Further, specific exemption has been granted from the provisions of section 45-IB (maintenance of percentage of assets) and 45-IC (Reserve fund) of the RBI Act, in place of which section 29B and 29C of the National Housing Bank Act, 1987 (NHB Act) would remain applicable.

Some of the key changes are as follows:

- Amendment in Definition of HFC.
- Minimum Net Owned Funds (NOF) including for existing HFCs
- Transition period
- Exposure to group companies in real estate business.

(Source: RBI circular no. RBI/2020-21/60 dated 22 October 2020)

2. Clarification on implementation of Ind AS by NBFCs and ARCs

The RBI through a notification dated 24 July 2020 has clarified that the unrealised gain/loss on a derivative transaction undertaken for hedging is permitted to be offset against the unrealised loss/gain recognised in the capital (either through profit or loss or through other comprehensive income) on the corresponding underlying hedged instrument.

However, if after such offset and netting with unrealised gains/losses on other financial instruments, there are still net unrealised gains, the same should be excluded from regulatory capital. It further clarified that the unrealised gains/losses would be considered net of the effect of taxation.

(Source: RBI notification no. RBI/2020-21/15 dated 24 July 2020)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

RBI issued regulatory framework for HFCs

Clarification on implementation of Ind AS by NBFCs and ARCs

Revision to Long Form Audit Report (LFAR)

Risk based internal audit framework for banks

Mandatory risk-based internal audit framework for NBFCs

CBDT amends the Tax Audit Report (Form 3CD)

3. Revision to Long Form Audit Report (LFAR)

The RBI through notification dated 5 September 2020 revised the formats of LFAR which are put into operation for the period covering financial year 2020-21 and onwards. The revisions to the LFAR pertains to Statutory Central Auditors (SCA), branch auditors, specialised branches, irregular/critical accounts for branch auditors.

Additionally, the revised format, *inter alia*, details guiding principles on objectives, strategy, scope and coverage of LFAR, indicative coverage of areas such as credit/market risk areas, governance, assurance functions and operational risk areas, capital adequacy, going concern and liquidity risk assessment, information system, etc.

On 22 March 2021, the ICAI has also issued the 'Technical Guide on Revised Format of LFAR' which provides detailed guidance on all the reporting requirements prescribed in the revised formats in easy to understand language and is quite comprehensive.

(Source: RBI notification no. RBI/2020-21/33 dated 5 September 2020 and ICAI publication on 'Technical Guide on Revised Format of LFAR' dated 22 March 2021)

4. Risk based internal audit framework for banks

With a view to bring uniformity in approach followed by the banks and to align the expectations on internal audit function with the best practices, on 7 January 2021, RBI through a notification has issued certain guidelines for the banks. The guidelines, *inter alia*, relate to following areas:

- Authority, stature and independence of internal audit function
- Competence and requisite skills
- Staff rotation in terms of minimum period of service
- Remuneration policies, etc.

Additionally, banks must ensure and demonstrate that their risk-based internal audit framework captures all the significant criteria/principles suited for their organisational structure, the business model and the risks through proper documentation.

Effective date: The guidelines are effective from 7 January 2021.

(Source: RBI notification no. RBI/2020-21/83 dated 7 January 2021)





COVID-19 updates



Updates relating to the Companies Act, 2013



Updates relating to SEBI Regulations



Other updates

RBI issued regulatory framework for HFCs

Clarification on implementation of Ind AS by NBFCs and ARCs

Revision to Long Form Audit Report (LFAR)

Risk based internal audit framework for banks

Mandatory risk-based internal audit framework for NBFCs

CBDT amends the Tax Audit Report (Form 3CD)

5. Mandatory risk-based internal audit framework for NBFCs

The RBI through a notification dated 3 February 2021 has mandated Risk-Based Internal Audit (RBIA) framework for the following class of Non-Banking Financial Companies (NBFCs) and Primary (Urban) Co-operative Banks (UCBs):

- a. All deposit taking NBFCs, irrespective of their size
- b. All non-deposit taking NBFCs (including Core Investment Companies) with asset size of INR5,000 crore and above and
- c. All UCBs with asset size of INR500 crore and above⁵.

The eligible entities should implement the RBIA framework by 31 March 2022 in accordance with the guidelines on risk-based internal audit provided in the notification.

In order to ensure smooth transition from the existing system of internal audit to RBIA, the concerned NBFCs and UCBs may constitute a committee of senior executives with the responsibility of formulating a suitable action plan. The committee may address transitional and change management issues and should report progress periodically to the board and senior management.

(Source: RBI notification no. RBI/2020-21/88 dated 3 February 2021)

6. CBDT amends the Tax Audit Report (Form 3CD)

On 1 October 2020, the Central Board of Direct Taxes (CBDT) through a notification has amended the Income-tax Rules, 1962 (the Rules) which, *inter alia*, include amendments to Form 3CD (statement of particulars required to be furnished under Section 44AB of the Income-tax Act, 1961 (IT Act)).

The amendments are as follows:

- **Clause introduced in Part A of Form 3CD:** Additional information to be provided as to whether the assessee has opted for taxation under Section 115BA⁶ /115BAA⁴ /115BAB⁵ of the IT Act.
- **Clauses modified in Part B of Form 3CD:**
 - Particulars of depreciation: Additional information to be provided with respect to adjustment made to the written down value of assets under Section 115BAA (for assessment year 2020-21 only) along with adjusted written down value.

5. *The UCBs with asset size less than INR500 crore, all salary earners UCBs, unit UCBs and UCBs under all inclusive directions will continue to be covered under the extant internal audit requirements as prescribed in RBI's Master Circular DCBR.CO.BPD.(PCB).MC.No. 3/12.05.001/2015-16 dated 1 July 2015.*

6. *Tax on income of certain manufacturing domestic companies*

7. *Tax on income of certain domestic companies*

8. *Tax on income of new manufacturing companies*

- Brought forward loss/depreciation allowance: Details of brought forward loss or depreciation allowance in Form No. 3CD has been modified to incorporate details relating to losses/allowances not allowed under Section 115BAA of the IT Act and amount as adjusted by withdrawal of additional depreciation on account of opting for taxation under Section 115BAA of the IT Act.

The amendments are effective from 1 October 2020.

(Source: CBDT notification no. G.S.R.610(E) dated 1 October 2020)



KPMG



KPMG *josh* IT SHOWS

IN OUR ABILITY TO TRIUMPH OVER ANYTHING
IN OUR SPIRIT OF UNDYING ENTHUSIASM
OUR DRIVE TO ACHIEVE THE EXTRAORDINARY
UNMOVED BY FEAR OR CONSTRAINT
WE'RE DRIVEN BY JOSH AND IT SHOWS



KPMG in India contacts:

Sai Venkateshwaran

Partner

Assurance

T: +91 20 3090 2020

E: saiv@kpmg.com

Ruchi Rastogi

Partner

Assurance

T: +91 124 334 5205

E: ruchirastogi@kpmg.com

home.kpmg/in

Feedback/queries can be sent to

aaupdate@kpmg.com

Previous editions are available to download from:

home.kpmg/in

#KPMGjosh

Follow us on:

home.kpmg/in/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

© 2021 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG (Registered) (a partnership firm with Registration No. BA-62445) converted into KPMG Assurance and Consulting Services LLP (a Limited Liability partnership firm) with LLP Registration No. AAT-0367 with effect from July 23, 2020.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

This document is for e-communication only. (020_NEWS0421_AR)