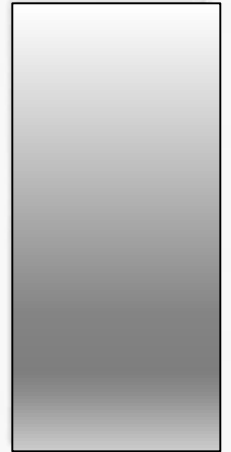


LEGALITE ADVISORS

IMPORTANT LEGAL UPDATES FOR MARCH, 2021



Companies Act

- **The Ministry of Corporate Affairs (“MCA”) – notification no. G.S.R.....(E) on amendment to the Companies (Audit and Auditors) Rules, 2014 (“Rules”) by way of introduction of Companies (Accounts) Amendment Rules, 2021, (“Amendment Rules”), dated March 24, 2021 (“Notification”).**
 - The Notification, effective April 01, 2021, hereby provides for the following changes in Rule 11 of the Rules (Other Matters to be Included in Auditors Report):
 - ✓ It omits clause (d) which required the companies to provide requisite disclosures in its financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016;
 - ✓ After clause (d) the certain sub-clauses shall be inserted, envisaging the following:
 - “(e) (i) **Representation by the management that** – except as disclosed in the notes to the accounts, no funds (either owned or borrowed) have been advanced or loaned or invested by the company through any persons or entities (“**Intermediaries**”), in a way that the same be directly or indirectly lent or invested by such Intermediaries in other persons or entities identified in any manner whatsoever by or on behalf of the company (“**Ultimate Beneficiaries**”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

Companies Act (Contd...)

- (ii) **Representation by the management that** – except as disclosed in the notes to the accounts, no funds have been received by the company from any person or entity (“**Funding Party**”) that the company shall, whether, directly or indirectly, lend or invest in other persons or entities on behalf of the Funding Party (“**Ultimate Beneficiaries**”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (iii) the auditor believes that the representations by the management under sub-clause (i) and (ii) do not contain any material mis-statement.

(f) Whether the dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

(g) Whether the company, in respect of financial years commencing on or after the 1st April, 2022, has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

- **Link of the Notification.**

http://www.mca.gov.in/Ministry/pdf/AuditAuditorsAmendmentRules_24032021.pdf

Companies Act (Contd...)

- **The Ministry of Corporate Affairs (“MCA”) – G.S.R. (E) on amendment to Schedule III of the Companies Act, 2013 (“Rules”), dated March 24, 2021 (“Notification”).**
 - The Notification, effective from April 01, 2021, provides for amendments to various clauses to Schedule III of the Act which pertains to general instruction for preparation of balance sheet and statement of profit and loss of a company, more specifically set out in the Notification, link of which is appended below.
 - **Link of the Notification.**
http://www.mca.gov.in/Ministry/pdf/ScheduleIIIAmendmentNotification_24032021.pdf

Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – notification no. S.O. _____(E) on commencement of section 23 and 45 of Companies (Amendment) Act, 2020 (“Amendment Act”), dated March 24, 2021 (“Notification”).**
 - The Notification, hereby provides that provisions of the Companies Act, 2013 (“Act”) shall stand altered, pursuant to coming into force of sections 23 and 45 of the Amendment Act w.e.f. from March 24, 2021:
 - ✓ **Section 23** provides that in case if a company fails to comply with any of the requirements of section 124 (Unpaid Dividend Account) of the Act, it shall be liable to a penalty of INR 1,00,000 (Indian Rupees One Lakh only) and in case of continuing failure, with a further penalty of INR 500 (Indian Rupees Five Hundred only) for each day after the first during which such failure continues, subject to a maximum of INR 10,00,000 (Indian Rupees Ten Lakhs only) and every officer of the company who is in default shall be liable to a penalty of INR 25,000 (Indian Rupees Twenty Five Thousand only) and in case of continuing failure, with a further penalty of INR 100 (Indian Rupees One Hundred only) for each day after the first during which such failure continues, subject to a maximum of INR 2,00,000 (Indian Rupees Two Lakhs only).
 - ✓ **Section 45** provides that if a registered valuer contravenes the provisions of section 147 of the Act (Valuation by Registered Valuers) or the rules made thereunder, the valuer shall be liable to a penalty of INR 50,000 (Indian Rupees Fifty Thousand only).
 - **Link of the Notification.**
http://www.mca.gov.in/Ministry/pdf/CommencementNotification_24032021.pdf

Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – notification no. G.S.R. _____E) on amendment to the Companies (Accounts) Rules, 2014 (“Rules”) by way of introduction of Companies (Accounts) Amendment Rules, 2021, (“Amendment Rules”), dated March 24, 2021 (“Notification”).**
 - The Notification, effective April 01, 2021, hereby provides for the following:
 - ✓ Insertion of a proviso to rule 3(1) of the Rules (Manner of Books of Account to be Kept in Electronic Mode) which provides that every company which uses accounting software for maintaining its books of account, shall now maintain a recording audit trail of each and every transaction.
 - ✓ Insertion of the following provisions after rule 8(5)(x) (Rule 8 being - Matters to be Included in Board’s Report) as sub-clause (xi) and (xii) of the Rules which prescribe disclosure in the board’s report of a company:
 - the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with the status as at the end of the financial year; and
 - the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof.
 - **Link of the Notification.**
http://www.mca.gov.in/Ministry/pdf/AccountsAmendmentRules_24032021.pdf

Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – notification no. S.O. 1255(E) on commencement of section 32 and 40 of Companies (Amendment) Act, 2020 (“Amendment Act”), dated March 18, 2021 (“Notification”).**
 - The Notification, hereby provides that provisions of the Companies Act, 2013 (“**Act**”) shall stand altered, pursuant to the coming into force of section 32 and 40 of Amendment Act w.e.f. from March 18, 2021:
 - ✓ **Section 32** provides that in case if a company has no profits or its profits are inadequate, an independent director may receive remuneration, exclusive of any fees payable under section 197(5) of the Act, in accordance with the provisions of schedule V of the Act.
 - ✓ **Section 40** provides that per section 197(3) of the Act (Overall Maximum Managerial Remuneration and Managerial Remuneration in case of absence or inadequacy of Profits), remuneration shall be paid to any other non-executive director, including an independent director, in accordance with the provisions of Schedule V, as is paid to directors, including any managing or wholetime director or manager of a company.
- **Link of the Notification.**
http://www.mca.gov.in/Ministry/pdf/CommencementNotification_19032021.pdf

Securities Law

- **The Securities and Exchange Board of India (“SEBI”) –press release no. PR No.15/2021 dated March 25, 2021 (“PR”).**
 - SEBI, *vide* the PR, has approved a raft of measures including more transparent and efficient delisting of shares, reporting of sustainability issues by companies and provisions to make it easier for start-ups to go public.
 - The major highlights of the PR are as under:
 - ✓ **Review of framework of Innovators Growth platform (“IGP”) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.**
 - SEBI has made amendments as per stakeholders recommendations for IGP. The market regulator has cut down time period for issuers to have 25% (Twenty-Five percent) of pre-issue capital held by eligible investors from 2 (two) years to 1 (one) year for eligibility requirements which was major demand from start-ups.
 - **‘Accredited Investor’** for the purpose of IGP is renamed as **‘Innovators Growth Platform Investors’**. Currently, pre-issue shareholding of such investors for meeting eligibility norms, is considered for only 10% (Ten percent), which is now increased and shall be considered for the entire 25% (Twenty-Five percent) required for meeting eligibility norms.

Securities Law (Contd...)

- Extant IGP provisions do not allow discretionary allotment by the Issuer Company. SEBI, has now decided to allow Issuer Company to allocate up to 60% (Sixty percent) of the issue size on a discretionary basis, prior to issue opening, to eligible investors with a lock in of 30 (Thirty) days on such shares.
- For companies listed under IGP framework, stipulation for triggering open offer under Takeover Regulations, 2011, has been relaxed from existing 25% (Twenty-Five percent) to 49% (Forty-Nine percent). However, irrespective of acquisition or holding of shares or voting rights in a target company, any change in control directly or indirectly over target company will trigger open offer.
- Delisting under IGP framework shall be considered successful if the post offer acquirer/promoter shareholding, taken together with the shares tendered and accepted, reaches 75% (Seventy-Five percent) of the total issued shares of that class; and at least 50% (Fifty percent) shares of the public shareholders are tendered and accepted. Further, for delisting under IGP framework, the Reverse Book Building mechanism shall not be applicable, and for computation of offer price, the floor price will be determined in terms of Takeover Regulations, 2011, along with delisting premium as justified by the acquirer/promoter.
- Presently for a company not satisfying the conditions of profitability, net assets, net worth, etc., migration from IGP to Main Board requires a company to have 75% (Seventy-Five percent) of its capital held by QIBs as on date of application for migration. This requirement is now reduced to 50% (Fifty percent).

Securities Law (Contd...)

✓ **Business Responsibility and Sustainability Reporting by listed entities.**

- SEBI has decided to introduce new requirements for sustainability reporting by listed entities. This new report shall be called the Business Responsibility and Sustainability Report (“**BRSR**”) and shall replace the existing Business Responsibility Report (“**BRR**”).
- The BRSR shall be applicable to the top 1,000 (One Thousand) listed entities (by market capitalization), for reporting on a voluntary basis for FY 2021 – 22 and on a mandatory basis from FY 2022 – 23.
- It said the BRSR lays considerable emphasis on quantifiable metrics, which allows for easy measurement and comparability across companies, sectors and time periods. Further, the disclosures on climate and social (employees, consumers and communities) related issues of the entity have been significantly enhanced and made more granular.

✓ **Amendment to SEBI (Alternative Investment Funds) Regulations, 2012.**

SEBI approved the proposal to amend SEBI (Alternative Investment Funds) Regulations, 2012 to the extent as provided in the PR.

Securities Law (Contd...)

- ✓ **Review of regulatory framework for reclassification of promoter/ promoter group entities.**
 - SEBI has changed conditions of reclassification of promoters by changing the requirement of seeking approval of shareholders in cases where the promoter seeking reclassification holds shareholding of less than 1% (One percent), subject to the promoter not being in control. SEBI has also decided to reduce the time gap between the date of board meeting and shareholders meeting for consideration of reclassification request, to a minimum of 1 (one) month and a maximum of 3 (three) months from the existing requirement of minimum period of 3 (three) months and maximum 6 (six) months.
 - SEBI with a view to further rationalise the existing framework relating to reclassification of promoter/promoter group entities and to provide parity with the existing construct of the exemptions, approved the proposal to exempt the applicability of existing requirements for reclassification if such reclassification is pursuant to an order of a regulator under any law (in line with existing exemption available in case of a resolution plan approved under the Insolvency code). This change, to some extent, assuages the ambiguity that previously existed in relation to such orders which were not explicitly exempted.
 - The market regulator has relaxed the requirement of shareholders' approval for reclassification of promoters/promoter group where such promoters hold less than 1% (One percent) shareholding and are not in control of the listed company. This change intends to remove the procedural hassles and complexities around reclassification faced by persons who were erstwhile promoters.

Securities Law (Contd...)

✓ Review of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SEBI approved several amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”). Some of the key amendments are as follows:

- Requirement for formulation of dividend distribution policy by the existing top 500 (Five Hundred) listed entities has been extended to the top 1000 (One Thousand) listed entities on the basis of market capitalisation.
- In case of board meetings held for more than one day, the financial results shall be disclosed by listed entities within 30 (Thirty) minutes of end of the board meeting for the day on which the financial results are considered.
- The provisions of the LODR Regulations which become applicable to listed entities based on (i) the market capitalisation criteria, shall continue to apply even if such entities subsequently fall below the specified thresholds (ii) paid-up capital and net-worth, shall continue to apply to such entities unless the paid-up capital or net-worth falls and continues to remain below the threshold for a period of three consecutive financial years.
- The requirement to seek stock exchange approval for change of name of a listed entity is dispensed with.

Securities Law (Contd...)

- The timelines for submission of periodic reports viz. statement of investor complaints, corporate governance report and shareholding pattern will be harmonized to 21 (Twenty-One) days from the end of each quarter.
- Frequency of submission of compliance certificates relating to share transfer facility and issuance of share certificates within 30 (Thirty) days of lodgement for transfer, sub-division, etc. is revised from half-year to annual.
- The requirement to publish newspaper advertisements for the notice to board meetings where financial results are to be discussed and for quarterly statement on deviation or variation in use of funds, is dispensed with.

Besides, the amendments are aimed at ensuring gender neutrality and maintaining consistency within the LODR Regulations, harmonizing certain provisions of the LODR Regulations with Companies Act, in addition to strengthening the corporate governance practices and disclosure requirements and easing the compliance burden on listed entities.

Securities Law (Contd...)

✓ **Applicability, constitution and role of the Risk Management Committee.**

SEBI considered and approved amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to applicability, constitution and role of the Risk Management Committee (RMC) of listed entities.

✓ **Review of disclosures in respect of analyst/ institutional investor meets by listed entity.**

Presently, a listed entity is required to disclose the schedule of analyst/institutional investors meet and presentations made in such meetings, to the stock exchanges and on its website. SEBI has decided to amend the regulation to introduce the requirement of disclosing:

- Audio/video recordings of such meetings on the website of the listed entity and exchanges promptly, before next trading day or within 24 (Twenty-Four) hours, whichever is earlier.
- Written transcripts of such meetings within 5 (five) working days.

✓ **Review of SEBI (Delisting of Equity Shares) Regulations, 2009.**

SEBI has approved several amendments to the SEBI (Delisting of Equity Shares) Regulations, 2009 (Delisting Regulations) primarily with an objective to make the delisting process more transparent and efficient. Some of the key amendments are stated in the enclosed PR.

✓ **Amendment to SEBI (Portfolio Managers) Regulations, 2020**

SEBI approved amendment to the SEBI (Portfolio Managers) Regulations, 2020, mandating Portfolio Managers to obtain prior approval of SEBI for change in control.

Securities Law (Contd...)

- ✓ **Online payment of application fee, registration fee, renewal fee and annual fees by Intermediaries.**

SEBI approved the proposal for intermediaries to pay fees only through online payment gateway and doing away with physical mode of payment to encourage digital payment.

- ✓ **Budget Estimates for the Financial Year (FY) 2021-22.**

The SEBI Budget for the financial year 2021-22 was considered and approved by SEBI.

- **Link of the PR.**

https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-board-meeting_49648.html

Securities Law (Contd...)

- **The Securities and Exchange Board of India (“SEBI”) – circular no. SEBI/HO/MIRSD/DOR/CIR/P/2021/42 on prior approval for change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control dated March 25, 2021 (“Circular”).**
 - SEBI, in the Circular, has referred to circular, bearing number: CIR/MIRSD/14/2011 dated August 02, 2011 addressed to stock exchanges/ depositories and intermediaries which inter alia specified the procedure for seeking prior approval for change in control from SEBI (“**Circular 1**”).
 - In reference to the aforesaid Circular 1, the SEBI *vide* the Circular has provided clarification with respect to transfer of shareholding among immediate relatives and transmission of shareholding as under:
 - ✓ **Transfer /transmission of shareholding in case of unlisted body corporate intermediary:**
In following scenarios, change in shareholding of the intermediary will not be construed as change in control:
 - Transfer of shareholding among immediate relatives shall not result into change in control. Immediate relative shall be construed as defined under Regulation 2(l) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, which inter-alia includes any spouse of that person, or any parent, brother, sister or child of the person or of the spouse;

Securities Law (Contd...)

- Transfer of shareholding by way of transmission to immediate relative or not, shall not result into change in control.
- ✓ **Transfer /transmission of shareholding in case of a proprietary firm type intermediary:**
 - In case of an intermediary being a proprietary concern, the transfer or bequeathing of the business/capital by way of transmission to another person is a change in the legal formation or ownership and hence by the definition of change in control, such transmission or transfer shall be considered as change in control. The legal heir / transferee in such cases is required to obtain prior approval and thereafter fresh registration shall be obtained in the name legal heir/transferee.
- ✓ **Transfer /transmission of ownership interest in case of partnership firm type intermediary:**

Change in partners and their ownership interest of the partnership firm type intermediary shall be dealt in following manner:

 - **Transfer of ownership interest in case of partnership firm:**

In case a SEBI registered entity is registered as a partnership firm with more than two partners, then inter-se transfer amongst the partners shall not be construed to be change in control.

Securities Law (Contd...)

Where the partnership firm consists of two partners only, the same would stand as dissolved upon the death of one of the partners. However, if a new partner is inducted in the firm, then the same would be considered as a change in control, requiring fresh registration and prior approval of SEBI.

- **Transmission of ownership interest in case of partnership firm:**

Where the partnership deed contains a clause that in case of death of a partner, the legal heir(s) of deceased partner be admitted, then the legal heir(s) may become the partner (s) of the partnership firm. In such scenario the partnership firm is reconstituted. Bequeathing of partnership right to legal heir(s) by way of transmission shall not be considered as change in control.

- ✓ **Incoming** entities/ shareholders becoming part of controlling interest in the intermediary pursuant to transfer of shares from immediate relative / transmission of shares (immediate relative or not), need to satisfy the fit and proper person criteria stipulated in Schedule II of SEBI (Intermediaries) Regulations, 2008.

- **Link of the Circular.**

https://www.sebi.gov.in/legal/circulars/mar-2021/prior-approval-for-change-in-control-transfer-of-shareholdings-among-immediate-relatives-and-transmission-of-shareholdings-and-their-effect-on-change-in-control_49663.html

Securities Law (Contd...)

- ❑ **The Securities and Exchange Board of India (“SEBI”) – notification no. No.SEBI/LAD-NRO/GN/2021/11 on Securities and Exchange Board of India (Investment Advisers) (Second Amendment) Regulations, 2021 (“Amendment Regulations”) dated March 16, 2021 (“Notification”).**
 - SEBI, *vide* the Notification, has further amended the SEBI (Investment Advisers) Regulations, 2013 (“**Principal Regulations**”), which shall come into force from the date of publication in official gazette i.e. March 16, 2021.
 - SEBI *vide* the Notification has substituted Regulation 7(1)(a) of the Principal Regulations, which specifies the qualification of a chartered accountant, has been substituted, namely:

“A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute.”

Securities Law (Contd...)

- **Impact** – The aforesaid amendment envisages that a professional qualification or post-graduate degree or post graduate diploma in the Securities Market (Investment Advisory) from NISM of a duration not less than 1 (one) year, will be considered as professional qualification for an individual investment adviser or a principal officer of a non-individual investment adviser registered as an investment adviser in addition to the ones already provided hitherto.
- **Link of the Notification.**
https://www.sebi.gov.in/legal/regulations/mar-2021/securities-and-exchange-board-of-india-investment-advisers-second-amendment-regulations-2021_49542.html

Reserve Bank of India

- ❑ **The Reserve Bank of India (“RBI”) – circular no. CO.DPSS.POLC.No.S33/02-14-008/2020-2021 on Guidelines on Regulation of Payment Aggregators and Payment Gateways, dated March 31, 2021 (“Circular”).**
 - The RBI, in the Circular, has referred to:
 - ✓ circular DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020 (as updated from time to time) wherein RBI had issued the guidelines on Regulation of Payment Aggregators and Payment Gateways’ (“**Circular 1**”). In terms of Circular 1, the RBI had prescribed (a) guidelines for regulating activities of payment aggregators (“**PAs**”); and (b) baseline technology recommendations for payment gateways (“**PGs**”) and;
 - ✓ the clarification dated September 17, 2020 issued on the subject Annex as enclosed in the Circular, which, inter alia, provides a clarification issued by RBI on Circular 1.
 - Accordingly, neither the authorised PAs nor the merchants on-boarded by them can store customer card credentials within their database or server.
 - Based on the representations received from the industry seeking additional time for implementing the above instructions, the RBI decided as a one time measure, to extend the timeline for non-bank PAs by 6 (six) months, i.e., till December 31, 2021, to enable the payment system providers and participants to put in place workable solutions, such as tokenisation, within the framework set out in the Circular 1 and circular DPSS.CO.PD No.1463/02.14.003/2018-19 dated January 08, 2019 on “Tokenisation – Card transactions”.

Reserve Bank of India (Contd...)

- All other provisions of the Circular 1, shall remain unchanged.
- **Link of the Circular.**
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12050&Mode=0#ANN1>
- **Link of the Circular 1.**
<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11822&Mode=0>

Insolvency And Bankruptcy Code

□ **Insolvency and Bankruptcy Board of India (“IBBI”) – notification no. IBBI/2020-21/GN/REG069 on amendment to IBBI (Liquidation Process) Regulations, 2016 (“Regulations”) by introduction of IBBI (Liquidation Process) (Amendment) Regulations, 2021 (“Amendment Regulations”), dated March 04, 2021 (“Notification”).**

▪ The Notification, effective immediately, alters the following, in the Regulations:

✓ Regulation 31(2) (Regulation 31 being – ‘List of Stakeholders’) of the Regulations be substituted with the following:

“(2) The liquidator shall file the list of stakeholders with the Adjudicating Authority within forty-five days from the last date for receipt of the claims.”

✓ in sub-regulation 31(5)(c), the following clause shall be inserted, viz:

“(d) filed on the electronic platform of the Board for dissemination on its website:

Provided that this clause shall apply to every liquidation process ongoing and commencing on or after the date of commencement of the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2021.”;

Insolvency And Bankruptcy Code (Contd...)

- **Impact-** The amendments provide that list of stakeholders, as modified from time to time, shall be made available on the electronic platform of IBBI, as against the filing of the list to the public by way of newspaper publications, website of corporate debtor and website of the IBBI.
- **Link of the Notification.**
<https://www.ibbi.gov.in/uploads/legalframework/5bb3be107809847f06cf2059f54ff3c8.pdf>

Insolvency And Bankruptcy Code (Contd...)

□ **Insolvency and Bankruptcy Board of India (“IBBI”) – notification no. IBBI/2020-21/GN/REG070 on amendment to IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“Regulations”) by introduction of IBBI (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2021 (“Amendment Regulations”), dated March 15, 2021 (“Notification”).**

■ The Notification, effective immediately, alters the Regulations in the following manner:

✓ regulation 12A: Updation of claim, to be inserted after regulation 12:

“A creditor shall update its claim as and when the claim is satisfied, partly or fully, from any source in any manner, after the insolvency commencement date.”

✓ sub-regulation 1A, to be inserted after regulation 40B(1):

“(1A) Where any activity stated in column (2) of table (next slide) is not complete by the date specified therein, the interim resolution professional or resolution professional, as the case may be, shall file Form CIRP 7 within 3 days of the said date, and continue to file Form CIRP 7, every 30 days, until the said activity remains incomplete:

Insolvency And Bankruptcy Code (Contd...)

SI no.	Activity requiring filing of Form CIRP 7, if not completed by the specified date	Timeline for filing Form CIRP 7 for the first time	Timeline for subsequent filing of Form CIRP 7
(1)	(2)	(3)	(4)
1	Public announcement is not made by T+3 rd day	Date specified in column (2) + 3 days	X+30 th day, X+60 th day, X+90 th day, and so on, till the activity is completed.
2	Appointment of RP is not made by T+30 th day		
3	Information memorandum is not issued within 51 days from the date of public announcement.		
4	RFRP is not issued within 51 days from the date of issue of information memorandum.		
5	CIRP is not completed by T+180 th day		

- T = Insolvency commencement date, and
- X = Date of filing of Form CIRP 7 for the first time under column (3).

Insolvency And Bankruptcy Code (Contd...)

- *Provided that subsequent filing of Form CIRP 7 shall not be made until 30 days have lapsed from the filing of an earlier Form CIRP 7.*
- **Clarification:** *Only one Form CIRP 7 shall be filed at any time whether one or more activity is not complete by the specified date.*

Illustration.

- *If public announcement is not made by T+3rd day, Form CIRP 7 shall be filed by T+6th day. Thereafter, if public announcement is made on T+16th day, no further Form CIRP 7 will be filed. However, if public announcement is not made till T+33rd day, Form CIRP 7 shall be filed on T+36th day.*
- *If public announcement is not made by T+3rd day, Form CIRP 7 shall be filed by T+6th day. Thereafter, if public announcement is made on T+16th day, no further Form CIRP 7 will be filed. However, if RP is not appointed by T+30th day, though Form CIRP 7 becomes due by T+33rd day, it shall be filed on 30th day from the filing of first Form CIRP 7, that is, on T+36th day.*
- *If public announcement is not made by T+3rd day, Form CIRP 7 shall be filed by T+6th day. Thereafter, if either public announcement is not made till T+33rd day or RP is not appointed by T+30th day, Form CIRP 7 shall be filed on T+36th day.*

Insolvency And Bankruptcy Code (Contd...)

- Regulation 40B of the Regulations require an interim resolution professional (“**IRP**”) /resolution professional (“**RP**”) to file a set of forms (CIRP 1 to CIRP 6) within seven days of completion of specific activities to enable monitoring progress of corporate insolvency resolution process (“**CIRP**”). This implies that a Form (CIRP 1 to CIRP 6) would not be filed until the related activity is not completed for whatever reason. This makes monitoring of progress difficult. Regulation 40B of Regulations require filing of Form CIRP 7 within 3 (three) days of due date of completion of any activity stated in column (2) of the table above is delayed, and continue to file Form CIRP 7 every 30 (thirty) days, until the said activity remains incomplete.
 - Subsequent filing of Form CIRP 7 shall not be made until 30 days have lapsed from the filing of an earlier Form CIRP 7. Only one form shall be filed at any time whether one or more activity is not completed by the specified date. The Form CIRP 7 shall be available for filing 3 days prior to the due date. The format for Form CIRP 7 is provided in annexure A to the circular, link of which is appended hereunder.
 - ✓ In the schedule to the Regulations, Form C shall be substituted with the Form C, more specifically provided in the Notification, link of which is appended hereunder.
- **Link of the Notification.**
<https://www.ibbi.gov.in/uploads/legalframework/32795d31dcbe1c6f81318044a753bd71.pdf>

Deets / Disclaimer

❑ Deets.

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Thank You



There is no wealth like knowledge and no poverty like ignorance - Buddha