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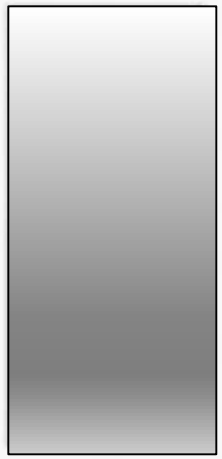
IMPORTANT LEGAL UPDATES FOR MAY, 2021



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Companies Act

- **The Ministry of Corporate Affairs ("MCA") – circular CSR–01/4/2021–CSR–MCA on offsetting the excess corporate social responsibility ("CSR") spent for F.Y. 2019-20, dated May 20, 2021 ("Circular").**

  - MCA *vide* the Circular notified a clarification that excess CSR amount spent by companies over and above the minimum prescribed amount prescribed under section 135 (5) of the Companies Act, 2013 ("**Act**") in FY 2019-20 by way of contribution to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund ("**PM CARES Fund**"), can be set-off the, against the mandatory CSR obligation for FY 2020-21 and the same shall not be viewed as violation of the provisions of the Act. This Circular comes in wake of several representations made by companies claiming to have contributed amounts to PM CARES Fund. However, the said clarification is subject to the following conditions:

    - ✓ the amount offset as such shall have factored the unspent CSR amount for previous financial years, if any;

    - ✓ the chief financial officer shall certify that the contribution to PM CARES Fund was indeed made on March 31, 2020 in pursuance of the appeal and the same shall also be so certified by the statutory auditor of the company; and

    - ✓ the details of such contribution shall be disclosed separately in the annual report on CSR as well as in the Board's report for FY 2020-21 in terms of the Act.

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Companies Act (Contd…)

- **Link of the Circular.**
  http://www.mca.gov.in/Ministry/pdf/Circular_20052021.pdf

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Companies Act (Contd…)

- **The Ministry of Corporate Affairs ("MCA") – general circular no. 09/2021 on clarification on spending of corporate social responsibility ("CSR") funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants' etc. dated May 05, 2021 ("Circular"), in continuation to the MCA's circular no 10/2020 dated March 23, 2020 ("Circular-I").**

  - In a significant move that could boost the creation of health infrastructure for COVID-19 care, the MCA *vide* the Circular has clarified that spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' or similar such activities are eligible CSR activities under item nos. (i) and (xii) of Schedule VII (activities which may be included by companies in their CSR policies) of the Companies Act, 2013 ("**Act**").

  - The companies (including the Government Companies) allowed to invest CSR funds into Schedule VII of the Act would be able to contribute to specified research and development projects as well as to public funded universities and certain organisations engaged in conducting research in science, technology, engineering, and medicine. Accordingly, companies may undertake the activities or projects or programmes using CSR funds, directly by themselves or in collaboration as shared responsibility with other companies, subject to fulfilment of Companies (CSR Policy) Rules, 2014 and the guidelines issued by MCA from time to time.

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Companies Act (Contd…)

- **Link of the Circular.**
  http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo9_05052021.pdf

- **Link of Circular – I.**
  https://www.mca.gov.in/Ministry/pdf/Covid_23032020.pdf

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Companies Act (Contd…)

- **The Ministry of Corporate Affairs ("MCA") – general circular no. 07/2021 on relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013 ("Act"), dated May 03, 2021 ("Circular").**

  - Owing to the ongoing Covid-19 and requests from stakeholders, MCA *vide* the Circular has relaxed time for filing e-forms related to creation/modification of charges.

    ✓ **Applicability**:

    The Circular shall be applicable in respect of filing of e-form CHG-1 and e-form CHG-9 (both referred as "**Form(s)**") where the date of creation/modification of charge is:

    - before 01.04.2021, but the timeline for filing such form had not expired under section 77 of the Act as on 01.04.2021, or
    - falls on any date between 01.04.2021 to 31.5.2021 (both dates inclusive).

    ✓ **Relaxation of time.**

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Companies Act (Contd…)

- In case the e-form is filed in respect of a situation covered under sub-para (a) above, the period beginning from 01.04.2021 and ending on 31.05.2021 shall not be reckoned for the purpose of counting the number of days under section 77 or section 78 of the Act (initial period being 30 days from the date of creation or modification of charge). In case, the e-form is not filed within such period, the first day after 31.03.2021 shall be reckoned as 01.06.2021 for the purpose of counting the number of days within which the e-form is required to be filed under section 77 or section 78 of the Act.

- In case a e-form is filed in respect of a situation covered under sub-para (b) above, the period beginning from the date of creation/modification of charge to 31.05.2021 shall not be reckoned for the purpose of counting of days under section 77 or section 78 of the Act. In case, the e-form is not filed within such period, the first day after the date of creation/modification of charge shall be reckoned as 01.06.2021 for the purpose of counting the number of days within which the e-form is required to be filed under section 77 or section 78 of the Act.

✓ **Applicable Fees.**

- In regard to sub-para (ii)(a) above, if the e-form is filed on or before 31.05.2021, the fees payable as on 31.03.2021 under Companies (Registration Offices and Fees) Rules, 2014 ("**Rules**"), for the said e-form shall be charged. If the e-form in is filed thereafter, the applicable fees shall be charged under the Rules after adding the number of days beginning from 01.06.2021 and ending on the date of filing plus the time period lapsed from the date of the creation of charge till 31.03.2021.

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Companies Act (Contd…)

- In regard to sub-para (ii)(b) above, if the e-form is filed before 31.05.2021, normal fees shall be payable under the Rules. If the e-form is filed thereafter, the first day after the date of creation/modification of charge shall be reckoned as 01.06.2021 and the number of days till the date of filing of the e-form shall be counted accordingly for the purposes of payment of fees under the Rules.

✓ **Non-Applicability of the Circular**.

- The e-form had already been filed before the date of issue of the Circular.
- The timeline for filing the e-form has already expired under section 77 or section 78 of the Act prior to 01.04.2021.
- The timeline for filing the e-form expires at a future date, despite exclusion of the time provided in sub-para (ii) above.
- Filing of e-form CHG-4 for satisfaction of charges.

- **Link of the Circular.**
  http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo7_03052021.pdf

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Companies Act (Contd…)

- **The Ministry of Corporate Affairs ("MCA") – list of forms for which relaxation on levy of additional fees in filing of certain forms under the Companies Act, 2013 ("Act") and limited liability partnerships ("LLP") Act, 2008 ("LLP Act, 2008"), per general circular no. 06/2021 and 07/2021 applies ("List").**

  - Owing to the Covid-19 pandemic and requests from stakeholders, MCA had relaxed the additional fees payable for the various forms required to be filed by the companies under the Act and LLPs under the LLP Act, 2008. The MCA has now released a List, link of which is appended below.

  - **Link of the Circular.**
    https://www.mca.gov.in/bin/dms/getdocument?mds=N2pxvsmVDKIDdx0TtXM3Ow%253D%253D&type=open

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Companies Act (Contd…)

- **The Ministry of Corporate Affairs ("MCA") – general circular no. 08/2021 on gap between two board meetings under section 173 of the Companies Act, 2013 ("Act"), dated May 03, 2021 ("Circular").**

  - Owing to the ongoing Covid-19 resurgence and requests from stakeholders, the MCA *vide* the Circular has extended the gap between 2 (two) consecutive board meetings under section 173 of Act by a period of 60 (sixty) days for the first two quarters of financial year 2021-22. Accordingly, the gap between 2 (two) consecutive board meetings may extend to 180 (one hundred and eighty) days instead of 120 (one hundred and twenty days) days during the quarters April, 2021 to June, 2021 and July, 2021 to September, 2021.

  - **Link of the Circular.**
    http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo8_03052021.pdf

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Companies Act (Contd…)

- **The Ministry of Corporate Affairs ("MCA") – general circular no. 06/2021 on relaxation on levy of additional fees in filing of certain forms under the Companies Act, 2013 ("Act"), dated May 03, 2021 ("Circular").**

  - Owing to the ongoing Covid-19 restrictions and requests from stakeholders, the MCA *vide* the Circular has relaxed levy of additional fees payable for delayed filing of various e-forms, required to be filed by the limited liability partnerships ("**LLP**") and companies under the LLP Act, 2008 and the Act respectively.

  - Accordingly, no additional fees shall be levied upto July 31, 2021 for the delayed filing of e-forms (other than charge related e-forms viz. e-forms CHG-1, CHG-4 and CHG-9) which were /would be due for filing during April 1, 2021 to May 31, 2021. For such delayed filings upto July 31, 2021 only normal fees shall be payable.

  - **Link of the Circular.**
    http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo6_03052021.pdf

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Securities Law

- **The Securities and Exchange Board of India ("SEBI") – circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 on Business Responsibility and Sustainability Reporting by listed entities, dated May 10, 2021 ("Circular").**

  - SEBI, *vide* the Circular, has provided that with effect from the financial year 2022-2023, filing of Business Responsibility and Sustainability Report ("**BRSR**") shall be mandatory for the top 1,000 (One Thousand) listed companies (by market capitalization) which shall replace the existing Business Responsibility Report ("**BRR**"). To give time to companies to adapt to the new requirements, the filing of BRSR is voluntary for the financial year 2021-22.

  - The BRSR is a notable departure from the existing BRR and a significant step towards bringing sustainability reporting at par with financial reporting. The BRSR is intended towards having quantitative and standardized disclosures on environmental, social and governance risks and opportunities and approach to mitigate or adapt to the risks along with financial implications. This move is expected to bring in greater transparency and enable market participants to identify and assess sustainability-related risks and opportunities. The BRSR shall also enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.

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Securities Law (Contd…)

- The BRSR seeks disclosures from listed entities on their performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' ("**NGBRCs**") and reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis. Listed entities should endeavour to report the leadership indictors also.

- The listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the BRSR.

- **Link of the Circular.**
  https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html

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Securities Law (Contd…)

- **The Securities and Exchange Board of India ("SEBI") – notification no. SEBI/LAD-NRO/GN/2021/22 on SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, dated May 05, 2021 ("Notification").**

  - SEBI, *vide* the Notification, has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Principal Regulations**") and the said amendments have come into effect from the publication of the Notification in the official gazette i.e. May 05, 2021.

  - SEBI *vide* the Notification, has prescribed the following amendments:

    - ✓ Necessary alignment with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, hence, have been made.

    - ✓ Clarification regarding applicability of the Principal Regulations to certain listed companies based on the market capitalisation criteria, irrespective of the said companies coming below certain key specified thresholds.

    - ✓ Certain provisions of Chapter IV the Principal Regulations which only become applicable to listed entities based on the fulfilling certain equity share capital and net-worth norms, when once become applicable, will continue to apply to such entities unless the equity share capital or net-worth falls and continues to remain below the threshold for a period of 3 (three) consecutive financial years.

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Securities Law (Contd…)

- ✓ For other listed entities which are not companies, but bodies corporate or are subject to regulations under other statues, the provisions of corporate governance provisions would apply to the extent that it does not violate their respective statutes and guidelines, or directives issued by the relevant authorities.

- ✓ Following amendments in respect of the Risk Management Committee ("**RMC**") are prescribed:

  - The requirement to constitute the RMC has been extended to the top 1000 (one thousand) listed entities by market capitalization from the existing top 500 (five hundred) listed entities.

  - The RMC shall have minimum 3 (three) members with majority of them being members of the board of directors, including at least 1 (one) independent director and in case of a listed entity having outstanding SR equity shares (shares having superior voting rights), at least 2/3rd (two third) of the RMC to comprise of independent directors.

  - The RMC to meet atleast twice instead of once every year and not more than 180 (one hundred eighty) days shall elapse between any 2 (two) consecutive meetings.

  - The quorum for a meeting of the RMC shall be either 2 (two) members or one third of the members of the RMC, whichever is higher, including at least 1 (one) member of the board of directors in attendance.

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Securities Law (Contd…)

- ✓ The role of the RMC has been specified which includes but is not limited to formulation of a detailed risk management policy and monitoring its implementation; periodic review of such policy; review of the appointment, removal and terms of remuneration of the Chief Risk Officer (if any), etc. The roles and responsibilities of the RMC have been detailed in Schedule II of the Principal Regulations.

- ✓ Regulation 24(5) has been amended to prescribe that a listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) equal to 50% (fifty percent) or less than 50% (fifty percent), without complying the norms prescribed in the Principal Regulations. Earlier, the language provided for applicability of norms when shareholding would fall below 50% (fifty percent).

- ✓ Regulation 24A(5) has been amended to prescribe that every listed entity and its material unlisted subsidiaries incorporated in India are mandated to undertake secretarial audit and annex a secretarial audit report given by a company secretary in practice, with the annual report of the listed entity. In addition, a secretarial compliance report in prescribed form is now required to be submitted by the listed entity to stock exchanges, within 60 (sixty) days from end of each financial year.

- ✓ Regulation 27(2) has been amended to increase the timelines for submission of compliance report on corporate governance from 15 (fifteen) to 21 (twenty one) days from the end of each quarter.

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Securities Law (Contd…)

- ✓ Regulation 31A has been amended to revise parameters for considering application for reclassification of status of a promoter to public:
  - an application for reclassification is required to be made by the listed entity to the stock exchanges within thirty days from the date of approval by shareholders in general meeting after ensuring that the following procedural requirements have been fulfilled:
    - ➢ the promoter(s) seeking reclassification has made a request for reclassification to the listed entity along with an explanation for the same and a description as to how the certain specified conditions are satisfied.
    - ➢ the board of directors of the listed entity should have analysed such request in the immediately next board meeting or within 3 (three) months from the date of receipt of the request from its promoter(s), whichever is earlier and should have placed the same before the shareholders in a general meeting for approval along with the views of the board of directors on the request, in a way that there shall be a time gap of at least 1 (one) month but not exceeding 3 (three) months between the dates of the board meeting and the shareholders‘ meeting considering the request of the promoter(s) seeking reclassification.
    - ➢ the request of the promoter(s) seeking reclassification has been approved in the general meeting by an ordinary resolution in which the promoter(s) seeking reclassification and the persons related to him/her/it have not voted to approve such reclassification request.

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Securities Law (Contd…)

- Above provisions shall not apply in cases: (a) where the promoter(s) seeking reclassification and persons related to the promoter(s) seeking reclassification, together, do not hold more than one percent of the total voting rights in the listed entity; (b) where reclassification is pursuant to a divorce.

- **Reclassification due to resolution plan / open offer:**

  - Certain provisions of re-classification shall not apply if reclassification of promoter(s) is as per the resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 or pursuant to an order of a regulator under any law subject to the condition that such promoter(s) seeking reclassification shall not remain in control of the listed entity.

  - In case of reclassification pursuant to an open offer or a scheme of arrangement, certain provisions of reclassification shall not apply if the intent of the erstwhile promoter(s) to reclassify has been disclosed in the letter of offer or scheme of arrangement.

✓ Regulation 32 has been amended to prescribe that where the listed entity has appointed a monitoring agency to monitor utilisation of proceeds of a public or rights issue, the listed entity shall submit to the stock exchange(s) any comments or report received from the monitoring agency within 45 (forty five) days from the end of each quarter and the monitoring agency shall mean the monitoring agency as specified in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

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Securities Law (Contd…)

- ✓ Regulation 34(2)(f) has been amended to prescribe that Business Responsibility and Sustainability Report ("**BRS Report**") shall be applicable to the top 1000 (one thousand) listed entities (by market capitalization calculated as on 31st day of March of every financial year), for reporting on a voluntary basis for financial year 2021 –22 and on a mandatory basis from financial year 2022 –23. Top 1000 (one thousand) listed entities can submit BRS Report in place of the mandatory business responsibility report during financial year 2021-22. The remaining listed entities including the entities which have listed their specified securities on the SME Exchange may voluntarily submit BRS Report.

- ✓ Upon replacement of the concept of institutional trading platform with Innovators Growth Platform ("**IGP**"), the Principal Regulations will apply to listed entities which have securities listed on IGP.

- ✓ Regulation 43A has been amended to prescribe that dividend distribution policy shall be formulated by top 1000 (one thousand) companies (erstwhile top 500 five hundred) on the basis of market capitalisation (calculated as on March 31st of every financial year). Such policy is required to be disclosed on the website of the listed entity and a web-link to be provided in their annual report. The other remaining listed entities may voluntarily disclose their dividend distribution policy on the website of the listed entity and provide a web-link in their annual report.

- ✓ Disclosure of voting results of general meeting in 2 (two) working days instead of 48 (forty eight) hours: The voting results of general meeting to be disclosed to the stock exchange within 2 (two) working days instead of 48 (forty eight) hours of the conclusion of general meeting.

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Securities Law (Contd…)

- ✓ Regulation 44(4) has been amended to prescribe that the disclosure of voting results of general meeting shall be made within 2 (two) working days instead of 48 (forty eight) hours.

- ✓ Regulation 45(3) has been amended to prescribe that an approval of stock exchange for changing of name of listed entity, shall no longer be required. Now, the listed entity, is required to include a certificate from a practicing chartered accountant stating compliance with prescribed conditions in the explanatory statement to the notice seeking shareholders' approval for change in name.

- ✓ Regulation 46(2) has been amended to provide that disclosure of audio/video recordings of analysts/institutional investors' meetings on the website of the listed entity and exchanges promptly, before next trading day or within 24 (twenty four) hours, whichever is earlier. The information to be hosted on the website of the listed entity for a minimum period of 5 (five) years and thereafter as per the archival policy of the listed entity, as disclosed on its website. Written transcripts of such meetings to be provided within 5 (five) working days. The requirement for disclosure(s) of audio/video recordings and transcript to be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.

- ✓ Regulation 46(2) has been further amended to provide that where a listed entity has a subsidiary incorporated outside India and where such subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, it shall be sufficient if consolidated financial statement of such subsidiary is placed on the website of the listed entity.

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Securities Law (Contd…)

Where such subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed entity may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website.

- ✓ Certain additional disclosures on the website on the listed entities have been prescribed by adding new sub clauses under Regulations 46(2).
- ✓ Schedule II, Part C, Paragraph has been amended to prescribe review of information relating to scheme of arrangement by audit committee which has been broadened to include consideration and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- ✓ Resolution plan/restructuring in relation to loans/borrowings from banks/financial institutions including the following details to be disclosed:
  - Decision to initiate resolution of loans/borrowings;
  - Signing of Inter-Creditors Agreement (ICA) by lenders;
  - Finalization of Resolution Plan;

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Securities Law (Contd…)

- Implementation of resolution plan;
- Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders.

✓ The listed entity's obligation to submit a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorised representative of the share transfer agent, is now required to be done within 30 (thirty) days of end of the financial year and the frequency of submission of compliance certificates by company secretary relating to share transfer facility and issuance of certificates within 30 (thirty) days of end of the financial year lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies, is revised from half-yearly to annual.

- **Link of the Notification.**
  https://www.sebi.gov.in/legal/regulations/may-2021/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-second-amendment-regulations-2021_50100.html

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Securities Law (Contd…)

- **The Securities and Exchange Board of India ("SEBI") – notification no. SEBI/LAD-NRO/GN/2021/18 on SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021, dated May 05, 2021 ("Notification").**

  - SEBI, *vide* the Notification, has amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**Principal Regulations**") and the said amendments have come into effect from the publication of the Notification in the official gazette, i.e. May 05, 2021.

  - The SEBI *vide* the Notification, has prescribed the following amendments:

    ✓ Issuer companies which have issued Superior Voting Rights ("**SR**") equity shares to promoters / founders will be allowed to make an initial public offer of only ordinary shares for listing on Innovators Growth Platform Investors ("**IGP**") subject to compliance with certain conditions and continued compliance with the prescribed provisions for SR equity shares.

    ✓ The present requirement under IGP framework for issuer to have 25% (twenty five percent) of pre-issue capital held by eligible investors for a period of 2 (two) years, has been reduced to 1 (one) year.

    ✓ 'Accredited Investor' for the purpose of IGP is restated as 'Innovators Growth Platform Investors'.

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Securities Law (Contd…)

- ✓ Any family trust with net worth of INR 25,00,00,000 (Indian Rupees Twenty Five Crore only) is now added as an eligible IGP Investor.

- ✓ The pre-issue shareholding of IGP Investors for meeting eligibility will now be required to be 25% (twenty five percent) as the requirement of 10% (ten percent) pre-issue shareholding of IGP Investors to meet eligibility now stands deleted. Also, the pre-issue capital held by promoters/promoter groups, even if they are registered as IGP Investors will not be considered for the 25% (twenty five percent) pre-issue capital eligibility requirement.

- ✓ An issuer company is now permitted to allocate up to 60% (sixty percent) of the issue size on a discretionary basis, prior to issue opening, to eligible investors provided (i) the price at which the specified securities are offered to eligible investors is not lower than the price offered to other applicants and (ii) the eligible investors makes an application of a value of at least INR 50,00,000 (Indian Rupees Fifty Lakhs only).

- ✓ The SR equity shares to be locked-in till : (a) conversion into equity shares with voting rights similar to that of ordinary shares or (b) for a period of 6 (six) months from the date of allotment in case of listing pursuant to a public issue or date of listing in case of listing without a public issue, whichever is later.

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Securities Law (Contd…)

- ✓ Exit under IGP framework to be governed by the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2009, subject to certain specified regulations being exempted and detailed conditions have been prescribed for exit, including the following:
  - exit will 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;
  - at least 50% (fifty percent) shares of the public shareholders are tendered and accepted;
  - the exit proposal to be approved by the board of directors of the company in its meeting and by the shareholders of the company by a special resolution passed through postal ballot or e-voting and the votes cast by the majority of public shareholders must be in favour of such exit proposal.
- ✓ A company listed on IGP would have to meet certain thresholds to be eligible to trade under the regular category of the main board of the stock exchanges, such as, profitability, net assets, net worth, etc and where such conditions were not fulfilled, migration shall be required for a company to have 50% (fifty percent) of its capital held by Qualified Institutional Buyers as on date of application for migration. Earlier it was 75% (seventy five percent).

- **Link of the Notification.**
  https://www.sebi.gov.in/legal/regulations/may-2021/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-second-amendment-regulations-2021_50078.html

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Securities Law (Contd…)

- **The Securities and Exchange Board of India ("SEBI") – notification no. No. SEBI/LAD-NRO/GN/2021/19 on SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2021, dated May 05, 2021 ("Notification").**

  - SEBI, *vide* the Notification, has amended the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Principal Regulations**") and the said amendments have come into effect from the publication of the Notification in the official gazette i.e. May 05, 2021.

  - The SEBI *vide* the Notification, has prescribed the following amendments:

    ✓ The words "institutional trading platform" have been substituted with "Innovators Growth Platform." (IGP)

    ✓ For companies listed under IGP framework, stipulation for triggering open offer in case of acquisition of securities under Takeover Regulations has been increased from existing 25% (twenty five percent) to 49% (forty nine percent).

    ✓ The committee of independent directors constituted by the board of the target company to disclose the voting pattern of the meeting in which the open offer proposal was discussed, in addition to providing reasoned recommendations on the open offer proposal.

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Securities Law (Contd…)

- ✓ For companies listed under IGP framework, the requirement for acquirer to make disclosure of acquisition will trigger if the acquirer along with persons acting in concert hold in aggregate 10% (ten percent) or more of the shares of the target company.

- ✓ For companies under the IGP framework, any person who along with persons acting in concert holds shares or voting rights entitling them to 10% (ten percent) or more of the shares or voting rights in a target company, will be required to disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 10% (ten percent), if there has been change in such holdings from the last disclosure and such change exceeds 5% (five percent) of total shareholding or voting rights in the target company.

- **Link of the Notification.**
  https://www.sebi.gov.in/legal/regulations/may-2021/securities-and-exchange-board-of-india-substantial-acquisition-of-shares-and-takeovers-amendment-regulations-2021_50077.html

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Securities Law (Contd…)

- **The Securities and Exchange Board of India ("SEBI") – circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2021/561 on Relaxation in timelines for compliance with regulatory requirements by Debenture Trustees due to the COVID-19 pandemic, dated May 03, 2021 ("Circular").**

  - SEBI, *vide* the Circular, has eased the timelines for complying with regulatory requirements pertaining to disclosure about monitoring of asset cover certificate, amidst ongoing coronavirus pandemic and after taking into consideration the representations received from debenture trustees ("**DTs**").

  - Accordingly, SEBI has extended the timelines for the following regulatory requirements for the quarter/half year/ year ending March 31, 2021:

    ✓ SEBI has given time till July 15, 2021 to DTs to make disclosure on their websites about monitoring of asset cover certificate and quarterly compliance report of the listed entity, according to the circular.

    ✓ SEBI has, for reporting of regulatory compliance, given time till July 15, 2021 for:

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Securities Law (Contd…)

- ✓ Monitoring of asset cover certificate and quarterly compliance report of the listed entity.
  - Monitoring of utilization certificate.
  - Submission of status of information regarding breach of covenants/terms of the issue, if any action taken by DTs.
  - Submission of status regarding maintenance of accounts maintained under supervision of DT.
  - SEBI has, for reporting of regulatory compliance, given time till May 31,2021 to furnish risk-based supervision report to the regulator.
- ✓ SEBI has, for reporting of regulatory compliance, given time till May 31,2021 to furnish risk-based supervision report to the regulator.

- **Link of the Circular.**
  https://www.sebi.gov.in/legal/circulars/may-2021/relaxation-in-timelines-for-compliance-with-regulatory-requirements-by-debenture-trustees-due-to-the-covid-19-pandemic_50042.html

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  Legalite Advisors LLP I LLPIN : AAJ 8514 I E-mail : la.mumbai@legalite.co.in I Corporate office: 91springboard, 1st Floor, Kagalwala House, Behind Shaman Wheels (Mercedes Showroom), Kalina, Santacruz (East), Mumbai 400098, Maharashtra, India I ☎: +91 9769022955/ +91 8454846257.

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Thank You

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