



COMPLIANCE UPDATE

February - March, 2021

Table of contents

- **Companies Act, 2013**
 - Insertion of new merger arrangement
 - Introduction of Producer Companies Rules, 2021
 - Insertion of new clauses for companies not to be considered as listed companies
 - Insertion of a new clause on paid-up capital
 - Amendment to Companies (Incorporation) Rules, 2014
- **Securities and Exchange Board of India**
 - Amendment to Securities Exchange Board of India (Mutual Funds) Regulations, 1996
 - Revision of disclosure formats
 - Master Circular for Depositories
 - The imposition of pre-expiry margin on cash-settled contracts
 - Extension of the facility for conducting meeting through Video Conferencing or other audio-visual means (OAVM)
- **Industry-wise updates**
 - Aviation
 - Commerce & Retail
 - Food
 - Media & Entertainment
 - Pharmaceuticals
 - Power
 - Telecom
- **State-wise updates**
 - Andhra Pradesh
 - Goa
 - Karnataka
 - Kerala
 - Madhya Pradesh
 - Maharashtra
 - Manipur
 - Puducherry
 - Rajasthan
 - Telangana

Companies Act, 2013

The Ministry of Corporate Affairs (MCA) has announced several relaxations for various regulatory and statutory compliances. The key notification and circulars are as follows:

- **Insertion of new merger arrangement**

Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 lay down the scheme for merger and amalgamation of certain companies and also the standards for declaration by each of the companies involved in the scheme of merger or amalgamation.

Notification: MCA, vide notification dated February 01, 2021, inserted a new scheme of merger and amalgamation setting forth the types of schemes in which a start-up company can enter into.

(To view the Notification, please [click here](#))

- **Introduction of Producer Companies Rules, 2021**

Section 378ZL (1) read with Section 469 of Companies Act, 2013

Notification: MCA, vide notification dated February 11, 2021, introduced a new rule guiding the investments to be made by the Producer Company and also the place of registered company in supersession of Producer Companies (General Reserve) Rules, 2003.

(To view the Notification, please [click here](#))

- **Insertion of new clauses for companies not to be considered as listed companies**

Section 2(52) read with Section 469 of the Companies Act, 2013

Notification: MCA, vide notification dated February 19, 2021, introduced a new clause laying down the definition of companies that are not to be considered as listed companies, which would come into effect from April 1, 2021.

(To view the Notification, please [click here](#))

- **Insertion of a new clause on paid-up capital**

Section 469 of Companies Act, 2013

Notification: MCA, vide notification dated February 01, 2021, introduced a new clause specifying the limit of paid-up capital and turnover of the small company w.e.f. April 01, 2021.

(To view the Notification, please [click here](#))

- **Amendment to Companies (Incorporation) Rules, 2014**

Section 469 of the Companies Act, 2013

Notification: MCA, vide notification dated February 01, 2021, amended the Corporation (Incorporation) Rules, 2014 laying guidelines on the conversion of One Person Company into a Public Company or a Private company and the Forms in which the companies have to apply w.e.f. April 01, 2021.

(To view the Notification, please [click here](#))

Securities and Exchange Board of India (SEBI)

- **Amendment to Securities Exchange Board of India (Mutual Funds) Regulations, 1996**

Section 11(2)(c) read with Section 30 of the Securities and Exchange Board of India Act, 1992

Notification: SEBI, vide notification dated February 04, 2021, has further amended the Securities Exchange Board of India (Mutual Funds) Regulations, 1996. The amendment relaxes the eligibility criteria for Mutual Fund sponsor and lays down the guidelines for the introduction of schemes and maintenance of net worth.

(To view the Notification, please [click here](#))

- **Revision of disclosure formats**

Section 11(1) of Securities and Exchange Board of India Act, 1992

Regulation 7 of SEBI (Prohibition of Insider Trading) Regulations, 2015 lays down formats for different disclosures required to be made in compliance with the Regulation.

Circular: SEBI, vide circular dated February 09, 2021, has revised the disclosure formats (Forms B to D) under Regulation 7 of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

(To view the Circular, please [click here](#))

- **Master Circular for Depositories**

Circular: SEBI, vide circular dated February 05, 2021, introduced a Master Circular for Depositories containing all circulars pertaining to depositories up to October 31, 2020. The Master Circular aims to enable the users to have access to all the applicable circulars/directions in one place.

(To view the Circular, please [click here](#))

- **The imposition of pre-expiry margin on cash-settled contracts**

Section 11(1) of the Securities and Exchange Board of India Act 1992

Circular: SEBI, vide circular dated February 23, 2021, has mandated levy of the pre-expiry margin of 5% every day during the last five trading days to the expiry date in case of cash-settled contracts, w.e.f. April 01, 2021.

(To view the Circular, please [click here](#))

- **Extension of the facility for conducting meeting through Video Conferencing or other audio-visual means (OAVM)**

Section 11(1) of the Securities and Exchange Board of India Act, 1992

Circular: SEBI, vide circular dated February 26, 2021, has extended the facility to conduct meetings of unitholders of all Real Estate Investment Trusts (REITs) and all Infrastructure Investment Trusts (InvITs) in the year 2021 through video conferencing or other audio-visual means.

(To view the Circular, please [click here](#))

Industry-wise Updates

Aviation

- **[Introduction of new green zone sites for 'No-Permission-No-Takeoff' compliant drones](#)**

Order: The Ministry of Civil Aviation, vide order dated February 02, 2021, introduced 26 green zone sites for operations of 'No-Permission-No-Takeoff' (NPNT) compliant drones up to 400ft AGL.

(To view the Order, please [click here](#))

Commerce & Retail

- **[Boiler Operation Rules, 2021](#)**

Notification: The Ministry of Commerce and Industry, vide notification dated February 16, 2021, introduced a new rule guiding the owners of boilers as to the operation of such boilers.

As per the new rule, the owner of a single boiler or two or more boilers connected in a battery or of many separate individual boilers situated within a radius of fifty meters, having a total heating surface exceeding one thousand square meters in any of the cases, shall not use the same or permit the same to be used unless the boiler or boilers are placed in direct charge of a Boiler Operation Engineer in addition to Boiler attendants.

(To view the Notification, please [click here](#))

- **[Introduction of New Central Scheme for Industrial Development of J&K](#)**

Notification: The Ministry of Commerce and Industry, vide notification dated February 19, 2021, introduced a New Central Sector Scheme for Industrial Development of Union Territory of Jammu & Kashmir for all units eligible under the Manufacturing and eligible Service sector to boost commercial production and investment in Jammu and Kashmir w.e.f. April 01, 2021.

(To view the Notification, please [click here](#))

Food

- **[Amendment to Food Safety and Standards \(Prohibition and Restrictions on Sales\) Regulations, 2011](#)**

Notification: The Food Safety and Standards Authority of India (FSSAI), vide notification dated February 02, 2021, amended the Food Safety and Standards (Prohibition and Restrictions on Sales) Regulations, 2011. The amendment introduced the definition of industrial trans fatty acid and the standard of maintenance of Food Products in which edible oils and fats are used as an ingredient, w.e.f. January 01, 2022.

(To view the Notification, please [click here](#))

Media & Entertainment

- **[Information Technology \(Intermediary Guidelines and Digital Media Ethics Code\) Rules, 2021](#)**

Notification: The Ministry of Electronics and Information Technology (MeitY) notified the new rules to specify due diligence and grievance redressal mechanisms, to be observed by intermediaries including social media intermediaries, while discharging duties under the allied Act. The rules also prescribe the code of ethics to be followed and maintained by publishers of news, current affairs and online curated contents.

As per the new rule, the publisher is required to establish a grievance redressal mechanism and appoint a Grievance Officer based in India responsible for the redressal of grievances received by him to facilitate a self-regulating mechanism.

(To view the Notification, please [click here](#))

Pharmaceuticals

- **Fixation of the retail price of drugs**

Drugs (Prices Control) Order, 2013

Notification: On February 09, 2021, the National Pharmaceutical Pricing Authority issued a notification fixing the retail price of drugs concerning the formulations specified in the notification, exclusive of Goods and Services Tax, thereby directing the manufacturers to submit an updated Price List to State Drug Controller and Dealers.

(To view the Notification, please [click here](#))

- **Amendment to Drug (Prices Control) Order, 2013**

Section 3 of the Essential Commodities Act, 1955

Notification: The Ministry of Chemicals and Fertilizers, vide notification dated February 01, has amended Schedule I of Drug (Prices Control) Order 2013 to include the medicine category for animal use under its purview.

(To view the Notification, please [click here](#))

Power

- **Amendment to the Guidelines for Tariff Based Competitive Bidding Process**

Section 63 of the Electricity Act, 2003

Notification: The Ministry of Power, vide notification dated February 05, 2021, amended the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Round-The Clock Power from Grid Connected Renewable Energy Power Projects, complemented with Power from Coal Based Thermal Power Projects. The amendment amends the definition of renewable power (RE Power) and also lays down guidelines for the force majeure clause in the Power Purchase Agreement along with the calculation of compensation.

(To view the Notification, please [click here](#))

- **Electricity (Late Payment Surcharge) Rules, 2021**

Section 176 of the Electricity Act, 2003

Notification: The Ministry of Power notified the new rules for payments to be made in pursuance of Power Purchase Agreements, Power Supply Agreements and Transmission Service Agreements, in which tariff is determined by the Central Regulatory Commission and also of Power Purchase Agreements, Power Supply Agreements and Transmission Service Agreements to become effective after these rules come into force, in which tariff is determined by bidding.

The new rules prescribe the method and timeline for payment of surcharge due to default in payment of power charges within the due date.

(To view the Notification, please [click here](#))

Telecom

- **Introduction of Production Linked Incentive (PLI) Scheme**

Notification: The Ministry of Communications, vide notification dated February 24, 2021, introduced a Production Linked Incentive (PLI) Scheme for companies/entities engaged in manufacturing specified telecom and networking products in India to boost domestic manufacturing and attract investments in the target segments of telecom and networking products to encourage 'Make in India'. The Scheme also aims to boost the export of telecom and networking products.

(To view the Notification, please [click here](#))

State-wise updates

ANDHRA PRADESH

- **Extension to the filing of annual return under the Factories Act, 1948**

Circular: The office of the director of factories, Andhra Pradesh vide circular dated February 12, 2021, has extended the due date for filing annual return under the Factories Act to April 30, 2021.

(To view the Circular, please [click here](#))

GOA

- **Renewal of license under ease of doing business**

Circular: Government of Goa, vide circular dated February 04, 2021, has notified the renewal all the licenses except industrial licenses and occasional licenses for a period of 5 years under the ease of doing business reforms. If the license holders pay the license fee for 5 years renewal, a 10% rebate shall be given on the total fees on or before March 31, 2021. Further, if the renewal is taken for 3 years and the fees are paid in advance for 3 years, a rebate of 5% shall be given on or before March 31, 2021. Any enhancement in the renewal of the license fee shall not apply to the holders who have paid the license fee in advance.

(To view the Circular, please [click here](#))

KARNATAKA

- **Karnataka Shops and Commercial Establishments (Second Amendment) Act, 2020**

Section 15(7) of Karnataka Shops and Commercial Establishments Act, 1961

Notification: The Government of Karnataka, vide notification dated February 19, 2021, has amended the provision for annual leave with wage. As per the amendment, the total number of days of leave that may be carried forward towards a succeeding year is increased to forty-five days for all employees.

(To view the Notification, please [click here](#))

KERALA

- **The Kerala Minimum Wages Notification (Dec 2020)**

Notification: The Government of Kerala, Labour, and Skills Department under the notification dated February 13, 2021, has revised the variable dearness allowance for employment in Shops and Commercial Establishment and employment in Computer Software Sector.

(To view the Notification, please [click here](#))

MADHYA PRADESH

- **Amendment to Madhya Pradesh Factories Rules, 1962**

Factories Act, 1948 and Rule 6 of Madhya Pradesh Factories Rules, 1962

Notification: As per the amendment under notification dated February 08, 2021, employers have to file online Form No. 4 (notice of occupation) available on the official portal of the Labour Department, Government of Madhya Pradesh via www.labour.mp.gov.in for grant of registration and license, which will be provided online for a period of ten years or more as prescribed by the State Government.

(To view the Notification, please [click here](#))

MAHARASHTRA

▪ [The Maharashtra State Tax on Professions, Trades, Callings, And Employments \(Amendment\) Rules, 2021](#)

Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and Rule 11 read with Rule 11E of Maharashtra State Tax on Professions, Trades, Callings and Employments Rules, 1975

Notification: The Government of Maharashtra, vide notification dated February 04, 2021, has amended the format of Form III-B filed for returns and payment of tax by employers under the Maharashtra State Tax on Professions, Trades, Callings, and Employments Rules, 1975.

(To view the Notification, please [click here](#))

▪ [The Maharashtra State Tax on Professions, Trades, Callings, And Employments \(Second Amendment\) Rules, 2021](#)

Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and Rule 4A of Maharashtra State Tax on Professions, Trades, Callings and Employments Rules, 1975

Notification: As per a notification dated February 12, 2021, for providing permanent account number or tax deduction and collection account number under rule 4A, it is added that when a company applies for a certificate of registration or enrolment, it shall provide the Permanent Account Number (PAN) or Tax Deduction and Collection Account Number (TAN) under the Income Tax Act, 1961 of all the directors and authorized signatory of the Company.

(To view the Notification, please [click here](#))

▪ [The Maharashtra Minimum Wages Variable Dearness Allowance Notification \(Jan 2021\)](#)

Order: The Government of Maharashtra under notification dated February 05, 2021, has released revised minimum rates of wages (variable dearness allowance) effective from 1st January 2021 which will be valid till June 30, 2021.

(To view the Order, please [click here](#))

MANIPUR

▪ [The Manipur Private Security Agencies \(Private Security to Cash Transportation Activities\) Rules, 2021](#)

Section 25 of the Private Security Agencies (Regulation) Act, 2005

Notification: The Government of Manipur, by notification dated February 02, 2021, makes the Manipur Private Security Agencies (Private Security to Cash Transportation Activities) Rules, 2021 for regulating the security agencies.

(To view the Notification, please [click here](#))

PUDUCHERRY

▪ [Amendment to Self-Certification-cum-Online Common Inspection Scheme](#)

Notification: As per the new amendment by notification dated February 13, 2021, inspection based on complaints or surprise inspections shall be conducted with specific permissions from the Labour Commissioner and joint inspection shall be conducted by the Inspecting officer in respect of the following Acts:

- The Equal Remuneration Act, 1976
- The Maternity Benefit Act, 1961
- The Minimum Wage Act, 1948

(To view the Notification, please [click here](#))

RAJASTHAN

- **Online maintenance of registers, returns under various labour laws**

Circular: The Government of Rajasthan, vide circular dated February 17, 2021, has introduced the maintenance of online registers and returns under various labour laws applicable in Rajasthan for ease of doing business.

(To view the Circular, please [click here](#))

TELANGANA

- **Exemption from the applicability of certain provisions under various labour laws**

Notification: Government of Telangana, vide notification dated February 15, 2021, has exempted the applicability of certain provisions related to displays of abstracts, notices, returns, registers and rules related to principal employer attestation on wage register etc.

(To view the Notification, please [click here](#))

ABOUT US

UnComplycate is an end-to-end compliance and contract management solutions provider that integrates domain experience with IT-enabled implementation, monitoring and management protocols.

With more than thirty years' experience in helping clients discharge their compliance obligations, we have developed a repository of significant knowledge and practical experience in advising and assisting businesses on their regulatory compliance, litigation management, notice and contract management and other attendant requirements. We create bespoke products for clients that include, among other things, an audit of the functions of the company, offering technology-enabled platforms that provide solutions for effective control over the compliance and contract management functions. These services are not limited by geography and can be seamlessly extended to all operating sites of the client.

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