

Editorial

As global markets continue to expand, rural producers in India are discovering innovative ways to grow collectively and achieve sustainable profits. Producer companies, designed to blend the co-operative spirit with the efficiency of corporate governance, play a crucial role in this transformation. These entities empower members to secure better prices, leverage modern tools and optimize resource sharing. The article on producer companies delves into their strategic significance and regulatory implications under the Companies Act, 2013, illustrating how this unique model is reshaping India's rural economy.

We have also included exciting sections in the newsletter like brain teasers.

Our other regular features comprise of Gist of Changes in the Companies Act, 2013, SEBI's LODR, 2015 and IB Code, 2016, and Statutory Compliance Calendar for the month of November 2024.

Please share your feedback on this newsletter with us at contact@cimplyfive.com, we eagerly look forward to it.

Happy reading,
Team Cimplyfive
November 05, 2024

What's more in this month's issue…

- ***What is Hot in Company Law?***
- ***Article of the Month***
- ***BLISS Tips for the Month***
- ***Test your Gray Matter!***
- ***Compliance Calendar***
- ***Regulatory Changes in the Month***

 Copyright © 2024, CimplyFive

OPINION:

What is Hot in Company Law?

Our free to use website www.ca2013.com has the unique distinction of providing an integrated view of the Companies Act, SEBI (LODR) and IB code. Our site has crossed **44 million page-views** as on date and attracts over 6,000 users accessing around 25,000 pages a day. List of the most viewed sections in the Companies Act, LODR and IB Code in the month of October 2024 here is based on visitors to our site.

For the Month of October 2024
Companies Act, 2013 Top 5 Chartbusters

Rank in Sep	Change in Rank	Rank in Oct	Section	Section title
2	↑	1	188	Related party transactions
1	↓	2	134	Financial Statements, Board's report
3	↔	3	135	Corporate Social Responsibility
4	↔	4	179	Powers of Board
5	↔	5	186	Loans and investment by company

There have been no changes in the top 5 rankings.

LODR Top 5 Chartbuster Regulations

Rank in Sep	Change in Rank	Rank in Oct	Regulation	Regulation title
1	↔	1	30	Disclosure of Events or information
2	↔	2	17	Board of Directors
3	↔	3	23	Related Party Transactions
5	↑	4	29	Prior Intimations
N	↑	5	33	Financial Results

Regulation 44 has been replaced with Regulation 33 in the top 5 Ranking.

IB Code Top 5 Chartbusters

Rank in Sep	Change in Rank	Rank in Oct	Section	Section title
1	↔	1	5	Definitions (Part 2, Chapter 1)
N	↑	2	29	Preparation of Information Memorandum
N	↑	3	7	Initiation of Corporate Insolvency Process by financial creditor
2	↓	4	6	Persons who may initiate Corporate Insolvency Resolution Process
3	↓	5	30	Submission of Resolution plan

Sections 33, 53 have been replaced with Sections 7 and 29 in the top 5 Ranking.

 Copyright © 2024, CimplyFive

Article of the Month:

Producer Companies: Legal Framework and Strategic Insights

Definition and Objective of Producer Companies

A **Producer Company** is a unique Company structure in India that combines elements of cooperative societies with company law benefits. Its primary purpose is to support **primary producers** (farmers, artisans, or individuals involved in primary production) in accessing better markets, resources and facilities.

As per the Companies Act, 2013, a Producer Company is an entity with objects focused on production, procurement, processing, or marketing of primary produce, which includes farming, forestry, fishing, livestock, rearing, beekeeping, or other products.

The main objectives of a Producer Company typically include:

- **Production & Marketing**: Engaging in activities related to production, harvesting, procurement, grading, pooling, handling, marketing, selling and exporting the primary produce of its members. The Company can also import goods or services for members' benefit, either directly or through other institutions.
- **Processing**: Activities like preserving, drying, distilling, brewing, vinting, canning and packaging the produce of members.
- **Manufacturing & Supplies**: Manufacturing, selling, or supplying machinery, equipment, or consumables mainly for members.
- **Education**: Providing education on mutual assistance principles to members and others.
- **Technical Services**: Offering technical and consultancy services, training, research and development and other activities to promote members' interests.
- **Power & Resource Management**: Involvement in power generation, transmission and distribution, as well as revitalizing, conserving and managing land, water resources and communications related to primary produce.
- **Insurance**: Providing insurance for producers or their primary produce.
- **Promoting Mutuality**: Encouraging mutual assistance and techniques of mutuality.
- **Welfare Measures**: Undertaking welfare activities or providing facilities for the benefit of members as decided by the board.
- **Ancillary Activities**: Engaging in any activity ancillary or incidental to the activities mentioned above, promoting principles of mutuality and assistance among members.
- **Financing**: Financing activities related to procurement, processing and marketing, which may include extending credit facilities or other financial services to members.

 Copyright © 2024, CimplyFive

Differences between Producer Companies and Other Companies

The key differences between Producer Companies and Other Companies are mentioned below:

Feature	Producer Companies	Other Companies
Purpose and Objectives	Formed to serve the interests of primary producers (farmers, artisans) through resource pooling, marketing and services.	Primarily formed for profit generation across various sectors (e.g., manufacturing, services, finance).
Membership and Ownership	Restricted to primary producers or those in allied activities, ensuring alignment with cooperative goals.	Open to any individual or entity that can invest in shares, with no requirement to be a producer.
Voting Rights	Follows the "one member, one vote" principle, regardless of shares held, promoting equal decision-making.	Voting rights proportional to shares owned, giving more influence to larger shareholders.
Share Capital	Cannot invite the public to subscribe to shares; capital is raised within the membership.	Can publicly raise capital through share issuance and invite public shareholders.
Profit Distribution	Surplus is typically reinvested in the Company or distributed as patronage benefits, not solely dividends.	Profits are distributed as dividends among shareholders based on shareholding proportion.
Scope of Operations	Focused on agriculture, farming and allied activities aimed at benefiting the producer members.	Can operate across a broad range of industries without a specific focus on producer welfare.
Tax Benefits	May receive certain tax exemptions or incentives aimed at supporting the agricultural sector.	Generally subject to standard corporate tax rates, with no specific focus on agricultural incentives.
Regulatory Compliance	Governed by specific provisions under Chapter XXIA of the Companies Act, 2013, with cooperative principles.	Governed by broader provisions under the Companies Act, 2013, with a focus on commercial regulatory standards.

Producer Companies stand out because they allow small producers to scale up and access larger markets collectively while still being focused on the members' economic welfare rather than maximizing profits for outside shareholders. This structure is ideal for small producers, allowing them to benefit from formal corporate structures while maintaining cooperative principles.

Formation and Structure of Producer Companies

The formation of a Producer Company in India enables primary producers to unite under a formal structure that promotes growth, self-sufficiency and economic empowerment. These Companies are registered under the Companies Act, 2013, combining the legal and financial advantages of a corporate entity with the cooperative principles of democratic governance and shared benefits. This hybrid structure provides producers with a platform for collective decision-making, improved market access and enhanced profitability.

 Copyright © 2024, CimplyFive

Steps for Forming a Producer Company

1. **Member Requirements**

   - **Individual Producers**: A minimum of **10 individuals** who are primary producers.
   - **Producer Institutions**: Alternatively, at least **two producer institutions** (such as cooperatives or agricultural societies) can form a Producer Company.
   - **Combination of Members**: The Producer Company can also be formed with a combination of combination of ten or more individuals and Producer Institutions.
   - **Residency Requirement**: All members must be residents of India.

2. **Shareholding Structure**
   - Each member is required to subscribe to the Company's share capital. Shares in a Producer Company are **held only by primary producers** and cannot be transferred to non-producers.
   - Voting rights are based on the principle of **one member, one vote** rather than the number of shares held, ensuring equal participation.
   - Profit-sharing among members is based on **patronage**, meaning it correlates with the volume of business each member conducts with the Company rather than the capital contributed.

3. **Management Structure**

   The management structure of a Producer Company is designed to align closely with members' interests:

   - **Board of Directors**

     The Producer Company must have a minimum of five and a maximum of fifteen directors, elected by members. Directors must be members (producers) themselves to ensure the board's alignment with the Company's purpose.
   - **Chief Executive Officer (CEO):**

     The Board appoints a CEO, responsible for day-to-day management. The CEO's role is to implement policies, manage operations and maintain coordination among members.
   - **Annual General Meeting (AGM):**

     The AGM allows all members to participate in significant decisions, such as approving the budget, distributing patronage dividends and electing the board.

4. **Essential Documents for Registration**

   The following documents are essential for registering a Producer Company in India:

   i. **Memorandum of Association (MoA):**

      The MoA specifies the objectives of the Producer Company, which should focus on supporting primary production activities, such as production, harvesting, processing and marketing of member products. It also includes details on capital, membership and registered office.

   ii. **Articles of Association (AoA):**

      The AoA outlines the Company's operational guidelines, such as management structure, decision-making processes, voting rights, profit-sharing and terms for handling grievances.

   iii. **Identity Proofs and Address Proofs:**

      For directors and subscribers, identity and address proofs are mandatory:
      - **Identity Proof**: A PAN card, passport, or other government-issued ID.
      - **Address Proof**: Aadhaar card, Voter ID, or a utility bill (electricity, water, etc.) not older than two months.

   iv. **Registered Office Proof:**

      Proof of the Company's registered office address is required. This can include a rental agreement, utility bill, or property ownership document in the name of the Company or Promoter. Additionally, a **NOC (No Objection Certificate)** from the property owner is necessary if the office is rented.

 Copyright © 2024, CimplyFive

v. **Directors' Affidavit and Declaration:**
Each director must submit an affidavit (Form INC-9) declaring that they are not disqualified from serving on the board and that the information provided is accurate.

vi. **Declaration by Professional:**
A declaration from a practicing professional (Chartered Accountant, Company Secretary, or Cost Accountant) stating that all compliance requirements for the incorporation have been met is also necessary.

5. Additional Considerations

Once registered, the Producer Company must comply with ongoing filing and reporting requirements, including maintaining proper books of accounts, conducting regular board meetings and holding an AGM. Annual financial statements, directors' reports and other compliance filings must be submitted to the Registrar of Companies.

This formation structure and registration process enable Producer Companies to function as a corporate entity, bringing both regulatory discipline and enhanced professional management to rural producers and agricultural businesses.

Legal and Compliance Requirements under Companies Act, 2013

Ongoing Compliance Obligations

Producer Companies, like other corporate entities, have ongoing compliance requirements to ensure transparency and accountability. Key areas include:

i. **Maintaining Statutory Registers**:
- **Registers of Members, Directors and Debenture Holders**: Producer companies must maintain updated registers that document members, directors, debenture holders (if applicable) and any changes.
- **Minutes Book**: Accurate recording of minutes for board meetings and general meetings is mandatory. These records should capture resolutions and significant discussions.

ii. **Annual Filings**:
- **Annual Return (MGT-7A)**: Producer Companies must file an annual return with the Registrar of Companies (RoC) within 60 days of holding the AGM. This includes details on the Company's structure, shareholding and directors.
- **Financial Statements (AOC-4)**: Filing of the audited financial statements, including the balance sheet and profit and loss account, must be completed within 30 days of the AGM.

iii. **Board Meetings**:
- **Frequency**: At least four board meetings are required to be conducted every year, with not more than 120 days gap between consecutive meetings.
- **Agenda and Minutes**: Meetings should have a clear agenda and the minutes must be prepared and approved within 30 days of the meeting. Circular resolutions can also be passed for urgent matters, requiring special documentation.

iv. **General Meetings**:
- **Annual General Meeting (AGM)**: AGMs should be held within six months from the end of the financial year. Resolutions passed during AGMs must be documented and specific resolutions may need to be filed with the RoC.
- **Extraordinary General Meeting (EGM)**: To be conducted for urgent matters that require members approval. Proper notices and filings are necessary for these meetings as well.

v. **Other Compliance Requirements**:
- **Directors' KYC and DIN Renewal**: All directors need to complete KYC annually and their Director

 Copyright © 2024, CimplyFive

Identification Numbers (DINs) should remain active.

- **Other Compliances pertaining to Producer Companies, as applicable:** Producer Companies must ensure that they operate within the framework specific to producer companies, such as member benefit distributions and operational transparency.

Benefits and Challenges of Producer Companies

As highlighted, producer Companies offer unique benefits to empower small scale producers, but also face challenges, a detailed breakdown of which is provided below:

Key Benefits of Producer Companies

1. **Access to Better Markets**:

   Producer Companies help small-scale producers connect with larger, more profitable markets. This widens their customer base and helps them earn higher prices for their products. They facilitate brand building, helping rural producers establish credibility and brand recognition in competitive markets.

2. **Economies of Scale**:

   By purchasing inputs like seeds, fertilizers, or machinery in bulk, Producer Companies reduce per-unit costs for individual producers, making farming or production more cost-effective. These companies enable collective ownership of infrastructure and resources, such as warehouses, cold storage, and processing units, further minimizing costs for members and enhancing the value of raw products.

3. **Collective Bargaining Power**:

   The collective structure allows producer companies to negotiate better prices with buyers and suppliers, ensuring a fairer return for their members. Being registered as formal entities, producer companies are eligible for various government schemes, subsidies and grants, making it easier for individual producers to access funding that would otherwise be challenging.

4. **Enhanced Access to Credit and Financial Services**:

   Producer Companies often have more credibility with banks and financial institutions, allowing easier access to loans and other credit facilities, which are crucial for scaling operations.

Challenges Faced by Producer Companies

1. **Regulatory Compliance**:

   Producer Companies face significant challenges in navigating complex legal and financial regulations, including detailed record maintenance, regular audits and mandatory statutory filings. These compliance requirements can be particularly burdensome for small producers with limited resources and expertise. As registered companies, they also face increased reporting obligations under company law, which can further strain their operational capacity.

2. **Funding and Capital Constraints**:

   Since Producer Companies cannot issue equity shares to the public, raising external funds is limited, creating challenges during large-scale expansion. Additionally, private investors may be reluctant to invest due to ownership restrictions and concerns over the company's profitability and governance.

3. **Management and Operational Challenges**:

   Many members lack experience in formal business operations, creating challenges in areas like marketing, financial management and resource allocation. Further, differences in priorities and opinions among members can lead to conflicts, affecting decision-making and operational efficiency. Balancing growth with individual member benefits is complex and scaling operations without compromising member satisfaction and participation can be difficult.

 Copyright © 2024, CimplyFive

4. **Market Competition and Demand Variability**:

   In certain sectors, Producer Companies face intense competition from established corporations and middlemen, making it hard to achieve sustained growth. Further, market demand for certain products may be seasonal or unpredictable, causing income instability for the members. To remain competitive, it is crucial to meet consistent quality standards; however, maintaining such standards across a diverse group of producers presents a significant challenge.

5. **Technology and Infrastructure Constraints**:

   Many Producer Companies, particularly in rural areas, lack digital tools for supply chain management, accounting and marketing, which limits their ability to operate efficiently. Further, limited access to proper storage, transportation and processing facilities affects the producer company's ability to add value to products, maintain quality and reduce wastage.

Conclusion and Future Outlook

The introduction of Producer Companies under Chapter XXIA of the Companies Act, 2013 has been a significant step in empowering primary producers and those in allied sectors—by giving them a formalized structure and robust legal framework. These provisions address the unique challenges that primary producers face, such as limited access to markets, capital and resources. Through collective pooling of resources, streamlined governance and access to finance, Producer Companies enable small producers to enhance their profitability, negotiate better terms and secure sustainable livelihoods. Additionally, these Companies foster cooperative entrepreneurship and mutual assistance, creating an ecosystem where producers benefit from shared risks, resources and rewards.

Looking ahead, Producer Companies are well-positioned to play an essential role in transforming India's agricultural and cooperative sectors. With the increasing focus on sustainability, rural development and empowerment of grassroots communities, Producer Companies provide a practical framework for encouraging cooperative growth. Digital transformation, enhanced market connectivity and government support for rural entrepreneurship will further bolster the reach and effectiveness of Producer Companies. Additionally, as more small producers recognize the value of collective ownership, the popularity of this model is likely to grow. As India works towards achieving inclusive growth, Producer Companies will remain crucial in strengthening the agricultural economy and improving the socio-economic conditions of millions of primary producers across the country.

 Copyright © 2024, CimplyFive

BLISS Tips for the Month

BLISS Tips #303: Generate MIS Reports for status of compliances in Excel/PDF format using BLISS.

BLISS enables users to generate and download MIS Reports on compliance in Excel or PDF format for a defined period, such as a quarter or a year. These reports may be generated on an individual company or a group level, provide a detailed overview of compliance tasks, due dates, completion dates, and status (on-time, delayed or pending). Additionally, users can choose from modules like Agenda, Minutes, Registers, Returns, and Action Trackers.

Being timestamped, these reports prove to be authentic and serve as a valuable tool for auditors during periodic audits.

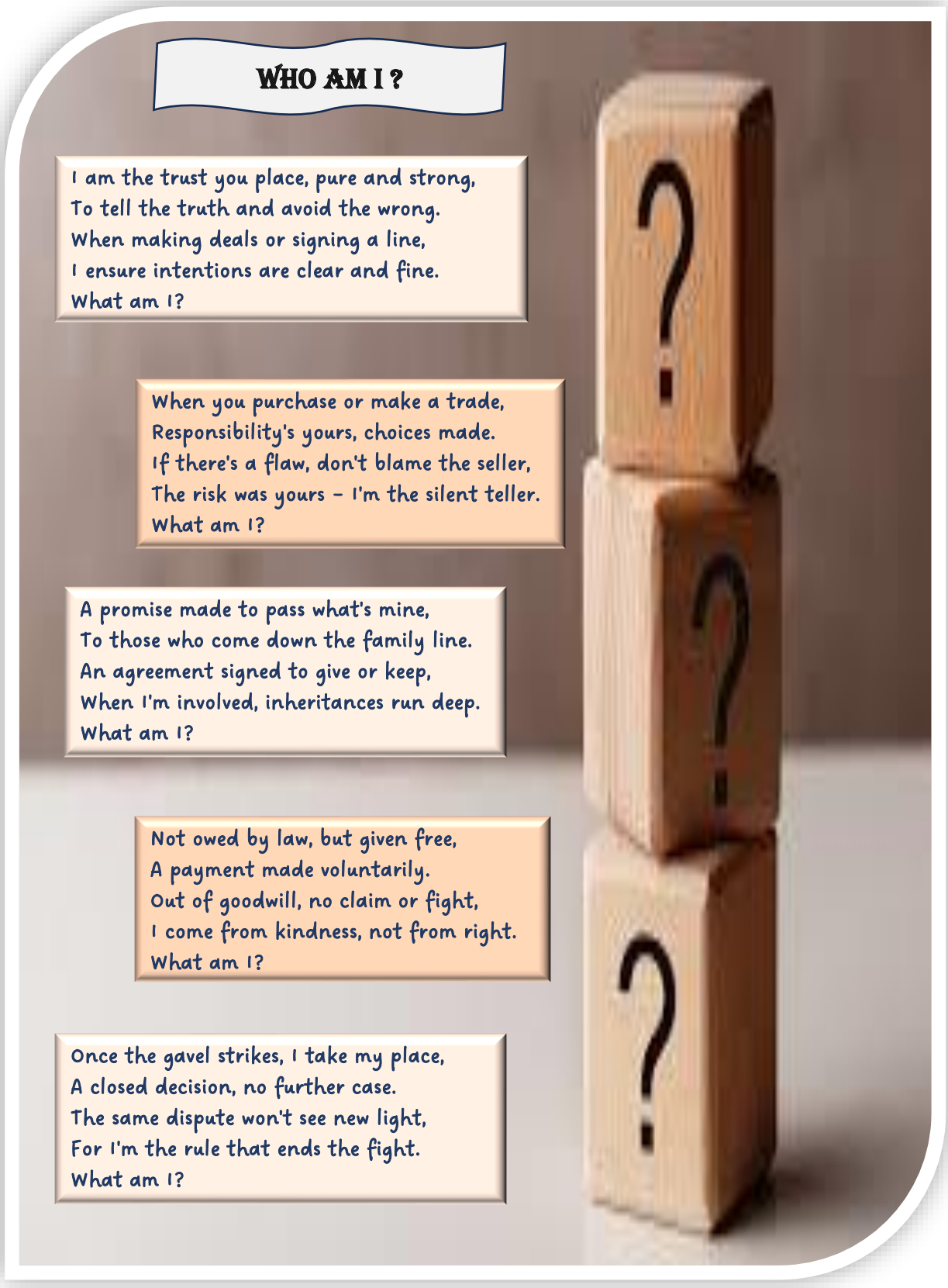
BLISS Tips #304: Keep Your Register of Directors and Key Managerial Personnel Up-to-date with BLISS!

With BLISS, maintain and update the Register of Directors and KMPs in electronic form, built to include the master information including the email IDs of all Directors and KMPs for seamless communication. At the time of appointing a new director, user shall promptly enter their master data to generate the Consent letter, declaration of non-disqualification/ disqualification, if any and the Register. Further, their names shall be included in the member's list of applicable Committees. Upon any change in directorship/ cessation, the date shall be entered in the Register and the user access shall be terminated to maintain security and alignment across all records.

This facility helps in proactively updating the Users list & Master information with authentication by way of user-based OTP generation thereby ensuring due compliance & maintenance of an efficient management system.

 Copyright © 2024, CimplyFive

Test your Gray Matter!! Take our Riddles to find out!



Test your Gray Matter!! Take our Quiz to find out!

1. What happens if the dividend declared by the Company, has not been paid or claimed within thirty days of declaration?

a. Unpaid dividend account is created within seven days from the expiry of initial thirty days
b. Unpaid dividend account is created within thirty days from the expiry of initial thirty days
c. Amount is transferred to Investor Education and Protection fund
d. Amount is held by the Company without creation of special bank account, and is later transferred to IEPF if such amount is not claimed or paid for seven consecutive years or more.

2. Members have a right to take extracts of registers of a company and are to be provided the same within __ days of request.

a. Within 30 days, on payment of a reasonable cost
b. Within 30 days, free of cost
c. Within 15 days, on payment of a reasonable cost
d. Within 15 days, free of cost

3. The books and papers of a company which has been amalgamated with, or whose shares have been acquired by, another company under Chapter XV shall not be disposed of:

a. For 5 years since the amalgamation or acquisition has taken effect
b. For 8 years since the amalgamation or acquisition has taken effect
c. Cannot be disposed of permanently
d. Cannot be disposed of without the prior permission of the Central Government

4. When shall an in-house share transfer facility register as a Category II share transfer agent?

a. When the total number of holders of securities of the listed entity exceeds twenty-five thousand
b. When the total number of holders of securities of the listed entity exceeds fifty thousand
c. When the total number of holders of securities of the listed entity exceeds one lakh
d. When the total number of holders of securities of the listed entity exceeds two lakhs

5. A trading plan shall not entail commencement of trading on behalf of the insider earlier than ____ days from the public disclosure of the plan

a. 90 calendar days
b. 120 calendar days
c. Three months
d. Six months

 Copyright © 2024, CimplyFive

Board Leaders Integrated Software Solution

BLISSPLUS

BLISSPLUS is a Cloud hosted software that automates the routines, provides an e-repository, timely alerts, and a real-time dashboard, all aimed at ensuring compliance and good corporate governance. By doing so, it provides complete peace of mind to the Board of Directors and assurance to professionals by providing them with real-time compliance status with respect to the Companies Act, 2013. It also has multiple premium features like Directors view, facility to store past Secretarial records, automated compliance tracker for size- based compliance under the Companies Act, 2013.

BLISSLISTED

BLISSLISTED is an advanced variant of BLISSPLUS for Listed Companies with Companies Act,2013 and SEBI's LODR 2015 compliances integrated to provide a single point compliance automation, risk manager & e-repository for secretarial records including past secretarial records.

BLISSDOCS

BLISSDOCS is an Android/IOS based Board app for Directors which provides secure access to Board documents on Tablets/mobile phones, enhancing Directors productivity and making the Board meetings efficient & effective

CIMPLYBEST

CimplyBest is a tailormade software for Indian Corporates in conducting Corporate Board Evaluation which will optimize Board's Time & Effort with confidentiality assured.

Clear Compass

Clear Compass is an All-law Compliance Software to ascertain, track and manage all the applicable state, central and industry-specific laws.

CAIRR LODR Integrated

CAIRR is a free to use website from CimplyFive that provides at your fingertips, an integrated view of the Companies Act, 2013, IB Code, 2016 and LODR, 2015. The site and app are updated every business day by 11 AM for changes in the Act & Regulations. For more details, please visit www.ca2013.com

Compliance Calendar for the month of November 2024

Compliances for Companies under Companies Act, 2013			
Sl. No.	**Compliance Requirement**	**Section/ Rules**	**Due Date**
1.	MGT-8	Section 92 of the Companies Act, 2013 read with Rule 11(2) of the Companies (Management and Administration) Rules, 2014	To be filed 60 days from the date of the Annual General Meeting ("AGM")
2.	MGT-7 and MGT-7A	Section 92 read with Rule 11(1) of the Companies (Management and Administration) Rules, 2014	To be filed within 60 days from the date of AGM
3.	PAS - 6	Rule 9A and 9B of The Companies (Prospectus and Allotment of Securities) Rules, 2014	To be filed on or before 30th November
SEBI (LODR) Regulations, 2015			
Sl. No.	**Compliance Requirement**	**Regulation Reference**	**Timeline**
1.	Statement of deviation or variation	32(1)	To be filed on or before 14th November 2024
2.	Quarterly audited Financial results/Limited review report Financial Statements (Both Standalone and consolidated, and year-to-date results	33(3)	To be filed on or before 14th November 2024
3.	Statement of utilization of Funds by listed Not-for-profit organizations.	91F read with SEBI Circular dated September 19, 2022 (SEBI/HO/CFD/PoD-1/P/CIR/2022/120)	To be filed on or before 14th November 2024

 Copyright © 2024, CimplyFive

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of October 2024.

- **01-10-2024**

Introduction of the single filing system through API-based integration between Stock Exchanges

SEBI vide a consultation paper ***'Recommendations of the Expert Committee for facilitating ease of doing business and harmonization of the provisions of ICDR and LODR regulations'*** dated June 26, 2024, had recommended that filing done on one Stock Exchange should be automatically disseminated to the other Stock Exchange.

Accordingly, both the Exchanges had jointly initiated the development to facilitate the same enabling the entities which are listed on both the Stock Exchanges i.e. BSE and NSE with an option to file the disclosures and revisions at any one Exchange.

Further, the first phase for the single filing system has been implemented for "equity" listed and "equity and debt" listed companies w.r.t. disclosure of Grievance Redressal Mechanism from October 01, 2024, for the disclosures to be filed for quarter ended September 30, 2024.

The entities are directed to be ensured that the acknowledgment is received from both the Exchanges and to check that the filings are available on both the Exchanges websites.

The disclosures for exclusively Debt listed companies, REITs and INVITs will fall under subsequent phase and till then such companies will continue to make the disclosures on both the Exchanges as per the current practice.

Amendment to the Companies (Indian Accounting Standards) Rules, 2015

Since Insurance Companies, Banking Companies and NBFCs are exempted from following the Indian Accounting Standards (Ind AS) for preparation of their financial statements, MCA vide this notification provides that an insurer or insurance company may provide its financial statement as per Ind AS 104 for the purposes of consolidated financial statements by its parent or investor or venturer till the IRDA notifies the Ind AS 117.

Till then, Ind AS 104 shall continue to apply, as specified in the newly introduced Schedule to these rules.

- **07-10-2024**

Extension of relaxation in sending hard copies of statement stating the salient features of all the documents to shareholders and proxy forms to securities holders.

SEBI vide this circular has extended the time period for relaxation for Annual General Meetings ("AGM") and General Meetings ("GM") held in electronic mode till September 30, 2025 (as against the earlier timeline of September 30, 2024) for the following:

For AGMs: Sending hard copies of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 to shareholders who have not registered their email addresses with the listed entity/ depository; and

For GMs held in electronic mode: Sending proxy forms to holder of securities mentioning that a holder may vote either for or against each resolution.

- **08-10-2024**

Extension of timeline to submit Annual Disclosures and Annual Impact Report to Social Stock Exchange ("SSE")

SEBI vide this circular has extended the time period for submission of annual disclosures by Social Enterprises under Regulation 91C(1) of SEBI (LODR) Regulations, 2015 and Annual Impact Report under Regulation 91E(1) of SEBI (LODR) Regulations, 2015, from October 31, 2024 to January 31, 2025.

- **10-10-2024**

MCA notifies the Companies (Adjudication of Penalties) Second Amendment Rules, 2024

This notification provides that the proceedings pending before the Adjudicating Officer or Regional Director on the date of commencement of Companies (Adjudication of Penalties) Rules, 2014 shall continue as per provisions of the rules existing prior to such commencement.

- **21-10-2024**

BSE and NSE notify the Standard Operating Process("SOP") for Structured Digital Database ("SDD") under the SEBI (PIT) Regulations, 2015

The above-mentioned circulars state the following SOP for listed entities and those which are proposed to be listed for maintenance of SDD as per the SEBI (PIT) Regulations, 2015:

A confirmation by listed entities on the Compliance status of SDD in the Annual Secretarial Compliance report, as applicable.

The entities on which the requirement of Secretarial Compliance Report is not applicable and are compliant with the SDD requirement shall submit a SDD Compliance Certificate certified by Practicing Company Secretary ("PCS") within 60 days of the end of the financial year in the path mentioned in the said Circular.

In case of non-compliant companies, a quarterly compliance certificate certified by a PCS shall be submitted till the time the Company complies with it.

Proposed to be/ newly listed companies shall submit a Certificate issued by a PCS stating compliance with the maintenance and preservation requirements of SDD.

Following actions with be taken against non-compliant Companies within 30 days from the due date of submission of report/certificate:

a. The 'Get Quote' page would display that the entity is non-compliant with SDD along with the name of the compliance officer, till the time company is compliant.

b. No further listing approval will be provided except bonus and split.

c. The Company may be asked to place the matter to their Board and provide their comments.

Suspended non-compliant Companies: The suspension will be revoked only when the confirmation of compliance status is provided by the Company in the prescribed format certified by the PCS.

- **23-10-2024**

Inclusion of Mutual Fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015

SEBI, vide its notification dated November 24, 2022, included mutual fund units under the SEBI (PIT) Regulations, 2015 w.e.f. November 01, 2024. The procedures have been implemented as follows:

1. Disclosure to stock exchanges by the Asset Management Companies ("AMCs") –

- On quarterly basis from November 01, 2024- the details of the aggregate holdings of its Designated Persons, trustees and their immediate relatives.
- By November 15, 2024- the holdings as on October 31, 2024.
- Within 10 calendar days from the end of the quarter- the holdings for all subsequent calendar quarters.

These disclosures are to be submitted in the format specified in **Annexure A** to the said circular.

2. Within 2 business days from the date of transaction - the concerned person shall report to the Compliance Officer of AMC, the details of all the transactions in the units of its own mutual funds aggregating to a value in excess of INR 15 Lakhs (in one or series of transaction in the manner specified in the said circular).

These disclosures are to be made in the format specified in **Annexure B**.

3. The violations made to the Code of Conduct of PIT Regulations shall be disclosed in the format specified in **Annexure C**.

4. Certain clauses of Master Circular for Mutual Funds dated June 27, 2024 have been modified to harmonize the framework of investment/trading restriction with the amended PIT Regulations.

 Copyright © 2024, CimplyFive

- **28-10-2024**

Update on the single filing system through API-based integration between Stock Exchanges

The BSE and NSE, vide these circulars have extended the single filing system through the API-based integration between the Exchanges to "Exclusively Debt listed companies" for disclosure of Grievance Redressal Mechanism and to "Equity" listed companies for disclosure of Corporate Governance Report under Regulation 27(2) of SEBI (LODR) Regulations, 2015 w.e.f. October 26, 2024.

- **30-10-2024**

Introduction of eBKray platform to facilitate the listing and auction of assets under Insolvency and Bankruptcy Code, 2016 ("IBC")

The Insolvency and Bankruptcy Board of India ("IBBI"), vide this circular, has introduced a centralized listing and auction platform in collaboration with Indian Banks' Association ("IBA") to facilitate auction of assets as required under Regulation 33 (1) of the IBBI (Liquidation Process) Regulations, 2016 (Liquidation Regulations).

Key highlights of the circular are:

1. The auction shall be now facilitated through eBKray platform which is presently owned and managed by PSB Alliance Private Limited (a consortium of 12 public sector banks), which has a track record of conducting auctions for assets mortgaged to public sector banks under the SARFAESI Act for the past five years.
2. The centralized platform of eBKray offers detailed information on corporate debtor assets, including photographs, videos, and geographical coordinates.
3. It will serve as a single listing platform to host all assets being sold in liquidation cases.
4. The Insolvency Professionals ("IPs") can access the platform using their login details on the IBBI platform at the link provided in the said circular.
5. Further the guidelines to be followed by the IPs w.r.t. the platform are provided for in the circular.

Solution for Riddles	**Solution for Quiz**
1. UBERRIMAFIDES	1. A
2. CAVEAT EMPTOR	2. B
3. PACTUM SUCCESSORIUM	3. D
4. EX GRATIA	4. C
5. RES JUDICATA	5. B

 Copyright © 2024, CimplyFive

About CimplyFive

Mission

Provide a cost-effective, secure web-based, menu driven, subscription services that provides curated resolutions, timely alerts and informative dashboards to free the management bandwidth for pursuing business goals

Vision

Leverage research and technology to eliminate procedural non-compliance risk for entities regulated by the Indian Companies Act, 2013



To view the previous issues of *iComply* click here