

## Lesson 6: Non-Compliances, Penalties, and Adjudications

### 1. Companies (Adjudication of Penalties) Amendment Rules, 2024

- **Effective from:** 16th Sept 2024
- **Authority:** MCA (G.S.R 476(E))
- **Legal Basis:** Sec 454 + Sec 469, Companies Act 2013
- **Key Change:** Insertion of **Rule 3A** → E-adjudication platform mandatory for:
  - **Notices, replies, hearings, evidence, orders, penalty payments**
  - If **email unavailable**, notice sent via **post** (last known address)
  - If **no address**, notice uploaded on **e-adjudication platform**
- **Annexure replaced** with **Form No. ADJ** (Memorandum of Appeal)

## Lesson 13 on Secretarial Audit – SEBI (LODR) Third Amendment, 2024:

### SEBI (LODR) (Third Amendment) Regulations, 2024 – Key Points

#### Notification:

- **Date:** December 12, 2024
- **Ref:** SEBI/LAD-NRO/GN/2024/218
- **Effective:** On publication in Official Gazette; **sub-regs VI & XX of reg. 3 effective from Dec 31, 2024.**

### Secretarial Audit Requirement (Amendment of Reg. 24A)

1. **Applicability:**
  - **Every listed entity** and its **material unlisted Indian subsidiaries.**
2. **Secretarial Auditor:**
  - Must be a **Peer Reviewed Company Secretary.**
  - **Audit report** in specified form to be annexed with **Annual Report.**
3. **Appointment Terms:**
  - **Individual Auditor:** Maximum **1 term of 5 consecutive years.**
  - **Audit Firm:** Maximum **2 terms of 5 consecutive years each.**

- **Shareholders' approval** required in **AGM** based on Board recommendation.
4. **Secretarial Compliance Report (SCR):**
    - Effective **April 1, 2025**, SCR submitted to stock exchange(s) **must be signed only by:**
      - Secretarial Auditor **or**
      - Peer Reviewed Company Secretary satisfying above conditions.

#### ✓ Key Takeaways:

- Peer review mandatory for Secretarial Auditors.
- Strict **term limits** for appointment.
- SCR submission compliance reinforced from April 2025.

## Miscellaneous

### 2. Specified Companies (Payment to MSME Suppliers) Amendment Order, 2024

- **Effective:** 15th July 2024
- **Authority:** Sec 405, Companies Act 2013
- **Key Change:**
  - **MSME Form-1** filing required **only if payment pending >45 days** (from acceptance/deemed acceptance)
  - **Revised MSME Form-1** introduced

### 3. Companies (Appointment & Qualification of Directors) Amendment Rules, 2024

- **Effective:** 1st Aug 2024
- **Legal Basis:** Sec 149, 150, 151, 152, 153, 154, 157, 160, 168, 170 + Sec 469
- **Key Changes:**
  - **DIR-3 KYC** must update **mobile/email** by **30th Sept** of financial year.
  - **Additional updates** allowed with **₹500 fee** per update.

### 4. Incorporation Amendment Rules, 2024

- **Effective:** 16th July 2024
- **Legal Basis:** Sec 469(1) & (2), Companies Act 2013
- **Key Changes:**

- "Nidhi" removed from **Clause (p)** → No declaration needed if name includes "Nidhi".
- **Clause (v)** omitted → No restriction on "**Nidhi Limited**" as last words in name.

### 5. Nidhi (Amendment) Rules, 2024

- **Effective: 16th July 2024**
- **Legal Basis: Sec 406(1) + Sec 469(1) & (2)**
- **Key Change:**
  - "**Nidhi Limited**" allowed **only if declared by Central Govt** (Official Gazette).

### Summary of Key Amendments

Rule/Order	Effective Date	Key Change
Adjudication of Penalties	16-Sep-2024	E-adjudication platform mandatory
MSME Payment Disclosure	15-Jul-2024	MSME Form-1 if dues >45 days
Directors' KYC	01-Aug-2024	DIR-3 KYC updates by <b>30th Sept</b> (₹500 for extra updates)
Incorporation Rules	16-Jul-2024	"Nidhi" declaration removed
Nidhi Rules	16-Jul-2024	"Nidhi Limited" only if notified

### Symbols:

- → = Leads to / Results in
- > = More than
- ₹ = Indian Rupees

### Abbreviations:

- **MCA** = Ministry of Corporate Affairs
- **MSME** = Micro, Small & Medium Enterprises
- **KYC** = Know Your Customer

### 5. Investor Education & Protection Fund (IEPF) Amendment Rules, 2024

- **Effective: 16-Jul-2024**
- **Legal Basis: Sec 125 + Sec 124(6) + Sec 469, Companies Act 2013**
- **Key Changes:**
  - **IEPF-3** → Replaced with **IEPF-4**
  - **IEPF-7** → Replaced with **IEPF-1**

- **Payment mode: Online transfer** (replaced Punjab National Bank remittance)
  - **Deadline: 30 days** from due date
- **Sub-rules 10, 11, 11A, 12 (Rule 6) & 9, 10, 11 (Rule 6A):**

- Amounts due on shares transferred to IEPF must be paid online via **MCA21** ("Pay Miscellaneous Fee" → Select "IEPF").

### 6. Merger of IEPF Forms (MCA Version 3)

- **Effective: 17-Jul-2024**
- **Forms merged:**
  - **IEPF-3 + IEPF-4** → Single form
  - **IEPF-7 + IEPF-1** → Single form
- **Process: STP (Straight Through Processing)**

### 7. LLP (Amendment) Rules, 2024

- **Effective: 05-Aug-2024**
- **Key Change:**
  - **Voluntary closure of LLPs** now approved by **C-PACE** (Centre for Processing Accelerated Corporate Exit) + Registrar.

### 8. Foreign Companies Registration Amendment Rules, 2024

- **Effective: 12-Aug-2024**
- **Key Change:**
  - **Form FC-1** to be filed with **Central Registration Centre (CRC)** within **30 days** of establishing business in India.

### 9. Indian Accounting Standards (Ind AS) Amendment Rules, 2024

- **Effective: 12-Aug-2024**
- **Key Changes:**
  - **New Standard: Ind AS 117** (Insurance Contracts) → Ensures transparent reporting of financial impact.
  - **Modified Standards: Ind AS 101, 103, 105, 107, 109, 115** aligned with Ind AS 117.

### 10. IEPF Second Amendment Rules, 2024

- **Effective: 09-Sep-2024**
- **Key Changes:**
  - **Higher minimum claim amount** for IEPF claims.
  - **Legal heir claims:** Require:
    - Tax authority certificate + **Indemnity bond** + **NOC from other heirs.**
  - **New requirement:** Companies must obtain **insurance for verification report risks.**

### 11. Ind AS Second Amendment Rules, 2024

- **Effective: 09-Sep-2024** (Applicable from **01-Apr-2024**)

- **Key Change:**
  - **Leaseback transactions (Ind AS 116):**
    - Gains/losses on retained rights **not recognized** unless specific conditions met.
  - **Illustrative examples** added for clarity.

### 12. AGM/EGM via VC/OAVM Clarification

- **Deadline: 30-Sep-2025**
- **Applicability:** Companies due to hold AGMs in **2024/2025**.
- **Condition:** Follow **General Circular No. 20/2020** (Para 3 & 4).
- **No extension** of statutory timelines → Late filings penalized.

### 13. Prospectus & Allotment of Securities Amendment Rules, 2024

- **Effective: 20-Sep-2024**
- **Key Change:**
  - **Producer companies** must issue securities **only in demat form** + Dematerialize all securities within **5 years**.

### 14. Companies (Accounts) Amendment Rules, 2024

- **Effective: 24-Sep-2024**
- **Key Change:**
  - **CSR-2 filing deadline for FY 2023-24: 31-Dec-2024** (after filing AOC-4/AOC-4-NBFC).

### 15. NFRA Auditing Standards for LLPs

- **Effective: 01-Apr-2026**
- **Standards: 40 SAs + SQMs** (mutatis mutandis for LLPs).
- **Legal Basis: Sec 34A, LLP (Amendment) Act 2021.**

#### Summary Table

Rule/Amendment	Effective Date	Key Change
IEPF Amendment	16-Jul-2024	IEPF-3 → IEPF-4, IEPF-7 → IEPF-1, <b>Online payments</b>
IEPF Form Merger	17-Jul-2024	IEPF-3+IEPF-4, IEPF-7+IEPF-1 → STP
LLP Closure via C-PACE	05-Aug-2024	<b>Voluntary closure</b> approved by C-PACE
Foreign Cos. (FC-1 to CRC)	12-Aug-2024	File <b>FC-1</b> with CRC within <b>30 days</b>

<b>Ind AS 117 (Insurance)</b>	12-Aug-2024	New standard + Modifications to <b>Ind AS 101, 103, 105, 107, 109, 115</b>
<b>IEPF Claim Rules</b>	09-Sep-2024	<b>Higher claim threshold, Legal heir docs, Insurance mandate</b>
<b>Ind AS 116 (Leaseback)</b>	09-Sep-2024	<b>Gains/losses not recognized</b> unless conditions met
<b>AGM via VC/OAVM</b>	19-Sep-2024	Allowed till <b>30-Sep-2025</b> (No timeline extension)
<b>Producer Cos. Demat Rule</b>	20-Sep-2024	<b>Securities in demat only</b> + Full demat in <b>5 years</b>
<b>CSR-2 Deadline (FY 2023-24)</b>	24-Sep-2024	File by <b>31-Dec-2024</b> (post AOC-4 filing)
<b>NFRA Auditing Standards (LLPs)</b>	01-Apr-2026	<b>40 SAs + SQMs</b> applicable to LLPs

#### Abbreviations:

- **STP:** Straight Through Processing
- **C-PACE:** Centre for Processing Accelerated Corporate Exit
- **CRC:** Central Registration Centre
- **SA:** Standards on Auditing
- **SQM:** Standards on Quality Management

## 1. SEBI (LODR) Second Amendment Regulations, 2023 (June 14, 2023)

### Key Amendments:

#### 1. Definition – Mainstream Media (Reg 2(1)(ra))

- Includes:
  - Newspapers registered with RNI
  - News channels permitted by Ministry of I&B
  - Content under IT (Intermediary Guidelines & Digital Media Ethics Code) Rules, 2021
  - Similar regulated media outside India

#### 2. Compliance Officer Vacancy (Reg 6(1A))

- Must be filled **within 3 months**

- Interim appointment only if legally permissible
- 3. **Director Continuation Approval (Reg 17(1D))**
  - From April 1, 2024: Directors must get **shareholder approval at least once every 5 years**
  - Excludes WTD, MD, Manager, Independent Director, or retiring directors under Companies Act
- 4. **Filling Director Vacancy (Reg 17(1E))**
  - Must be filled **within 3 months**
  - Non-compliance if term expires
- 5. **KMP Vacancy (Reg 26A)**
  - CEO, MD, WTD, Manager, CFO: fill **within 3 months**
  - Interim appointment only if legally compliant
- 6. **Cybersecurity Breaches (Reg 27(2)(ba))**
  - Disclose all cyber incidents/loss of data in **quarterly compliance report**
- 7. **Disclosure of Events/Information (Reg 30)**
  - Materiality threshold: **2% turnover/net worth or 5% avg profit/loss**
  - Timelines:
    - 30 min post Board meeting
    - 12 hrs for internal events
    - 24 hrs for external events
  - Top 100 entities (Oct 1, 2023) & Top 250 (Apr 1, 2024) to confirm/clarify rumors within **24 hrs**
  - Regulatory communications must be disclosed unless prohibited
- 8. **Agreements Disclosure (Reg 30A)**
  - Shareholders, promoters, KMPs must notify listed entity within **2 working days**
- 9. **Special Rights to Shareholders (Reg 31B)**
  - Approval via **special resolution every 5 years**
- 10. **Financial Results – Newly Listed Entity (Reg 33(3)(j))**
  - Submit quarterly/annual results post-listing as **per timelines specified**
- 11. **Annual Report & BRSR (Reg 34(2)(f))**
  - Top 1000 listed entities: mandatory **Business Responsibility & Sustainability Report (BRSR)**
  - Others: voluntary disclosure/assurance

## 2. SEBI Circular – Debenture Trustee Nominated Director (July 4, 2023)

- Issuers of listed debt securities must appoint director nominated by debenture trustee.
- Some issuers can submit an **undertaking** instead of nominating director.
- [Circular Link](#)

## 3. LLP (Third Amendment) Rules, 2023 (Oct 27, 2023)

### Key Points:

1. **Rule 22A – Register of Partners**
  - LLP to maintain **Form 4A** from incorporation
  - Existing LLPs comply **within 30 days**
  - Updates in 7 days for changes in contribution, partners, or cessation
2. **Rule 22B – Declaration of Beneficial Interest**
  - Registered partner w/o beneficial interest files **Form 4B** in 30 days
  - Beneficial partners file **Form 4C** for interest not in their name
  - LLP files **Form 4D** with Registrar within 30 days
  - **Designated partner** responsible for info submission

## 4. LLP (Significant Beneficial Owners) Rules, 2023 (Nov 7, 2023)

- Applies to **all LLPs** (Sec 79, LLP Act 2008)
- Key Rules:
  1. Definitions: control, majority stake, SBO, significant influence, ultimate holding company (Rule 3)
  2. LLP must **identify SBOs** and ensure **Form LLP BEN-1** filing (Rule 4)
  3. LLP files **Form LLP BEN-2** with Registrar after receiving declarations (Rule 6)
  4. Maintain **Register of SBOs (Form LLP BEN-3)**, open for inspection (Rule 7)

- 5. Notices for info: **Form LLP BEN-4** (Rule 8)
- 6. Applications to Tribunal & non-applicability provisions (Rules 9–10)

- 5. Upload pending details (Investor/Subsidiary) **by June 17, 2025**

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### 5. SEBI Industry Standards – RPT Approval (Feb 14, 2025)

- Minimum information to **audit committee & shareholders** for related party transactions (RPT)
- Developed by **ISF (ASSOCHAM, CII, FICCI) in consultation with SEBI**
- Published on industry & stock exchange websites for uniform compliance
- [Link](#)

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### 6. SEBI – KMP Appointment by Fund Management Entity (Feb 20, 2025)

- IFSCA (Fund Management) Regs, 2025 – Reg 7
- KMP must meet **qualification & experience requirements**
- Appointment/change of KMP to follow **IFSCA-specified procedure**
- FME files **intimation to IFSCA** in prescribed format
- [Link](<https://ifsc.gov.in/Le gal/Index?MIId=0sZRYPhaKY=>)

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### 7. MCA – Final Set of 38 Company Forms (May 30, 2025; live from July 14, 2025)

- Includes: 13 Annual filing forms, 6 Audit/Cost Audit forms
- Key Instructions:
  1. V2 portal **disabled from June 18, 2025**
  2. Offline Pay Later stopped **from June 8, 2025**
  3. V3 portal downtime: **July 9–13, 2025**
  4. Stakeholders to **create/upgrade user ID in V3 & associate DSC**

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#### For main notes –

Cs professional notes

<https://drive.google.com/drive/folders/10vIMvSQBN7u1EwyXfuCnfv-OSYrT6RnY?usp=sharing>