

Ministry of Corporate Affairs

Companies (Removal of Names of Companies from the Register of Companies) Second Amendment Rules, 2023 – May 10, 2023

The Ministry of Corporate Affairs (MCA) has issued the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2023, on April 17, 2023, which introduced significant changes to the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2023. These changes pertain to the application process for removing a company's name from the register of companies. Furthermore, the MCA notified on May 10, 2023, the Companies (Removal of Names of Companies from Register of Companies) Second Amendment Rules, 2023. The Second Amendment Rules, 2023 add three provisos to Rule 4(1), which relates to application for removal of name of company, namely:

- The company must not file an application unless it has filed overdue financial statements under section 137 and overdue annual returns under section 92, up to the end of the financial year in which the company ceased to carry its business operations.
- In case a company intends to file the application after the action under sub-section (1) of section 248 has been initiated by the Registrar, it is required to file all pending financial statements under section 137 and all pending annual returns under section 92, before filing the application.
- Once the notice under sub-section (5) of section 248 has been issued by the registrar for publication pursuant to the action initiated under sub-section (1) of section 248, a company will not be allowed to file the application under this sub-rule.

To access the notification, [click here](#).

Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2023 – May 15, 2023

MCA has notified the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2023, dated May 15, 2023, which will come into effect from June 15, 2023. This amendment brings changes to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The amendments focus on modifying sub-rules (5) and (6) of Rule 25 in the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. These new sub-rules introduce provisions concerning the objections, suggestions, and confirmation orders regarding schemes of merger or amalgamation under Section 233 of the Companies Act, 2013. To access the notification, [click here](#).

Securities and Exchange Board of India

Dematerialization of securities of Holding Companies and Special Purpose Vehicles held by Infrastructure Investment Trusts and Real Estate Investment Trusts – May 22, 2023

The Securities and Exchange Board of India (SEBI) has issued circulars aimed at promoting dematerialization of securities, improving transparency and ease of doing business in the dealings of securities of Holding Companies (Hold Cos) and Special Purpose Vehicles (SPVs). As per the circulars, both Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) are now required to hold securities of Hold Cos and SPVs in dematerialized form only.

For InvIT, the investment manager of InvIT will be responsible for ensuring compliance with this new rule. To access the circular, [click here](#). Similarly, for REIT, the manager of the REIT will be responsible for ensuring compliance. To access the circular, [click here](#).

Further, for existing securities holdings by InvITs & REITs in Hold Cos and SPVs in physical form, the

respective investment managers and managers are directed to dematerialize the securities of Hold Cos and SPVs on or before June 30, 2023.

Model Tripartite Agreement between the Issuer Company, Existing Share Transfer Agent, and New Share Transfer Agent as per Regulation 7(4) of SEBI (LODR) Regulation, 2015 – May 25, 2023

SEBI has released a model 'Tripartite Agreement' for Share Transfer Agents in accordance with Regulation 7(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations. This agreement requires the listed companies to enter into a tripartite agreement with both the existing and newly appointed share transfer agents. As per Regulation 7(4) of the SEBI (LODR) Regulations, 2015, in case of any change or appointment of a new share transfer agent, the listed entity is required to enter into a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity in the manner as specified by the board from time to time. A model tripartite agreement has been prepared in consultation with Registrar Association of India and some issuer companies. Format of the tripartite agreement is placed at Annexure-A attached to the circular. RTAs (Registrar and Transfer Agents) and listed companies were advised to publish the format of the tripartite agreement on their respective websites and ensure compliance with the conditions outlined in the circular and make necessary amendments to relevant byelaws, rules, regulations, and operational instructions as required for implementing the circular. RTAs were also advised to submit compliance of the direction given to SEBI vide email at rta@sebi.gov.in latest by June 01, 2023. To access the circular, [click here](#).

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2023 – May 23, 2023

SEBI has issued the SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2023 to further amend the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The amendment brings several changes to the existing regulations, including the substitution of the "SEBI (Share Based Employee Benefits) Regulations, 2014" with the "SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021." Additionally, it introduces new provisions regarding underwriting, online availability of material documents, and requirements for bonus issue announcements and dematerialized allotment of shares. The objective of the amendment is to improve transparency and streamline processes in the Indian securities market. To access the notification, [click here](#).

Central Board of Direct Taxes

Central Board of Direct Taxes proposed changes to Rule 11UA in respect of Angel Tax – May 19, 2023

The Central Board of Direct Taxes (CBDT) has proposed substantial revisions to Rule 11UA of the Income-tax Act, 1961. These revisions are related to the valuation of shares and the application of Section 56(2) (viib), commonly referred to as "Angel Tax." The proposed changes aim to enhance clarity and simplify the tax procedures associated with the receipt of consideration from non-residents for share issuance. Proposed changes in Rule 11UA:

- Rule 11UA currently prescribes two valuation methods with respect to valuation of shares namely, Discounted Cash Flow (DCF) and Net Asset Value (NAV) method for resident investors. It is proposed to include 5 more valuation methods, available for non-resident investors, in addition to the DCF and NAV methods of valuation.
- Where any consideration is received by a company for the issue of shares from any non-resident entity notified by the Central Government, the price of the equity shares corresponding to the consideration may be taken as the Fair Market Value (FMV) of the equity shares for resident and non-resident investors, subject to two conditions. Firstly, to the extent that the consideration from such FMV does not exceed the aggregate consideration that is received from the notified entity. Secondly, consideration has been received by the company from the notified entity within a period of ninety days of the date of issue of the shares, which are the subject matter of valuation.
- A valuation report by a Merchant Banker would be acceptable if it is not more than ninety days prior to the date of issue of shares.
- A safe harbor provision of 10% variation in value is proposed to consider forex fluctuations, bidding processes, and other economic indicators affecting the valuation of unquoted equity

shares.

To access the update, [click here](#).

Amendment in Income tax Rules, 1962, insertions of new rule for prescribing net winnings for online games – May 22, 2023

CBDT has notified the Income-tax (Fifth Amendment) Rules, 2023 to further amend Income-tax Rules, 1962, and insertion of new rule 133 for prescribing calculation of net winnings for online games, notification of form 16, and others. To access the notification, [click here](#).

Competition Law

Competition (Amendment) Act 2023 - May 18, 2023

The Central Government has notified certain provisions of the Competition (Amendment) Act 2023 with effect from 18 May 2023. Major amendments that are now in force include twenty-five percent pre-deposit of the penalty to appeal the orders of the Competition Commission of India (CCI), regulation of hub and spoke cartels, and three-year limitation period to file information with the CCI. Certain key amendments such as deal value threshold for merger filings, power of CCI to impose penalty based on global turnover, and the settlements and commitments regime have not been brought into force as these amendments require detailed regulations to be issued by the CCI. To access the notification, [click here](#).

Press Information Bureau

TRAI released recommendations on 'Ease of Doing Business in Telecom and Broadcasting Sector' – May 2, 2023

Ease of Doing Business (EoDB) has been identified as one of the focus areas of Government in the recent decade. The government is striving to improve the business environment at every stage across all the sectors. As a sector regulator, it is incumbent upon Telecom Regulatory Authority of India (TRAI) to improve the business environment in the telecom and broadcasting sector as well. In view of this, TRAI has released recommendations on EoDB in telecom and broadcasting sector. Some of the recommendations are as follows:

- A user-friendly, transparent, and responsive digital single window system-based portal should be established. The portal should be enabled with new digital technologies for achieving end-to-end inter-departmental online processes.
- Each Ministry should establish a standing EoDB committee to regularly review, simplify and update the existing processes and ensure ease of doing business as an on-going activity.
- Ministry of Information and Broadcasting (MIB), Department of Telecommunications (DoT), Department of Space (DOS), Ministry of Electronics and Information Technology (MeitY) and other agencies should specify stage-wise timelines for all the processes including initial as well as additional permissions, which should be mentioned in the respective guidelines/ policy and updated in the Citizen Charter.
- The Government may consider and grant 'Infrastructure Status' to the 'Broadcasting and Cable Services Sector'.
- The process of surrender of DoT license, issuance of NOC and release of Bank Guarantees to the service providers should be made simple, online and time-bound.

To access a copy of the complete set of recommendations, [click here](#).

Centre for Processing Accelerated Corporate Exit (C-PACE) established for providing hassle-free filing, timely and process-bound striking off companies from MCA Register – May 13, 2023

The Ministry of Corporate Affairs (MCA) has taken a step forward by centralising the strike off process of companies with the establishment of the Centre for Processing Accelerated Corporate Exit (C-PACE). The establishment of the C-PACE will help reduce stress on the registry and keep the registry clean, while also providing more meaningful data to stakeholders. The C-PACE will benefit stakeholders by offering hassle-free filing and timely and process-bound striking off their company's names from the Register. The setting

up of the C-PACE is part of several measures taken by the MCA in the recent past towards Ease of Doing Business and ease of exit for companies. The C-PACE institution, established under subsection (1) of section 396, will operate through the Registrar of Companies for the purpose of exercising functional jurisdiction in processing and disposing of applications. To access the update, [click here](#).

FIRM NEWS

- DMD Advocates acted for Matrix Partners in USD 3.5 million seed funding round of GenWise. | [Read More](#)
- Our Competition law Partner, [Vivek Agarwal](#), wrote for LiveMint on his views on the new compounding provision introduced through the Competition Amendment Act 2023 | [Read More](#)



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