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Some important changes happened in the Corporate and Legal world in the month of March, 2020:

1. **Amendments in the Companies (Meeting of Board and its Powers) Rules, 2014**

- Ministry of Corporate Affairs vide notification dated 19th March, 2020 amended the Companies (Meeting of Board and its Powers) Rules, 2014. These rules may be called the Companies (Meeting of Board and its Powers) Amendment Rules, 2020. They shall come into force on the date of their publication in Official Gazette.
- Rule 4 shall be renumbered as sub-rule (1) thereof and thereafter the following sub-rule (2) shall be inserted, namely:-

"(2) For the period beginning from the commencement of the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 and ending on the 30th June, 2020, the meetings on matters referred to in sub-rule (1) may be held through video conferencing or other audio visual means in accordance with rule 3."

Impact: Minor changes in the rules for specified period of time has major impacts on the matters to be dealt by the Board in their meeting held through video conferencing.

2. **Extension of the last date of filing of Form NFRA-2**

- The National Financial Reporting Authority (NFRA) is separate and independent body constituted under the provisions of Section 132 of the Companies Act, 2013 with effect from 1st October 2018 by Government of India to provide for matters relating to accounting and auditing standards under this Act and improving investor and public confidence in the financial reporting of an entity.
- Form NFRA- 2 is an Annual Return to be filed by auditors with National Financial Reporting Authority.
- Ministry of Corporate Affairs decided to extend the time limit for filing Form NFRA- 2 for the reporting period financial year 2018-2019. It will be 150 days from the date of deployment of this form on the website of National Financial Reporting Authority (NFRA).



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Impact: Time limit for filing Form NFRA-2 for Financial Year 2018-2019 has been extended for 150 days.

3. Relaxation of additional fees and extension of last date of in Filing of MGT-7 (Annual Return) and AOC-4 (Financial Statement) under the Companies Act, 2013-UT of J&K and UT of Ladakh - reg.

- In in continuation to General Circular No. 03/2020 dated 31st January, 2020 and in response to the requests received from various stakeholders stating that due to disturbances in internet services the normal work was affected in the Union Territory of Jammu & Kashmir and Union Territory of Ladakh seeking for extension of time for filing of financial statements for the Financial Year ended 31st March, 2019. Therefore, it has been decided to further extend the due date for filing of e-forms AOC-4, AOC-4 (CFS) AOC-4 XBRL and e-form MGT-7 upto 30th June, 2020, for companies having jurisdiction in the UT of J&K and UT of Ladakh without levy of additional fee.

Impact: Time limit for filing Form AOC-4, AOC-4 (CFS) AOC-4 XBRL and Form MGT-7 has been extended for Financial Year ended on 2018-2019 till 30th June, 2020 without any additional fees in Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

4. LLP Settlement Scheme, 2020

- Ministry Of Corporate Affairs vide notification dated 4th March, 2020 has undertaken new scheme for the benefit of Limited Liability Partnership (LLP).
- This scheme shall come into force on the 16th March, 2020 and shall remain in force up to 13th June, 2020 and is applicable to any "defaulting LLP" who is permitted to file belated documents, which were due for filing till 31st October, 2019 in accordance with the provisions of this Scheme.
(Note: "Defaulting LLP" means a LLP registered under the Limited Liability Partnership Act, 2008 which has made a default in filing of documents on the due date(s) specified under the LLP Act, 2008 and rules made there under;)
- The defaulting LLPs is liable to pay normal fees payable for filing of such document or return as per the Act and additional fees of Rs 10/- per day for such delay and in any case such payment of additional fee shall not exceed Rs. 5,000/- per document.
- The scheme is applicable for belated filing of the following documents only:



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- **Form 3-** Information regarding LLP Agreement and changes therein
- **Form 4-** Notice of appointment, cessation or change in the details of designated partner.
- **Form 8-** Statement of Accounts and Solvency
- **Form 11-** Annual Return

- This Scheme shall not apply to LLPs which has made an application in Form 24 to the Registrar, for Striking Off its name from the Register.

Impact: The scheme provides one time opportunity to the Defaulting LLPs to make the default good with payment of normal fees along with nominal additional fees for a period starting from 16th March, 2020 till 13th June, 2020.

4. Clarification on spending CSR (Corporate Social Responsibility) Funds for COVID- 19

- Ministry of Corporate Affairs vide notification dated 23rd March, 2020 has brought Clarification on Spending of CSR Funds.
- World health organization (WHO) has declared Corona Virus as pandemic and the spread in India has led to inclusion of various activities relating to health care, sanitation and disaster management in Schedule VII (CSR Activities).
- Government of India in order to treat this notified disaster, clarified that spending of CSR fund for COVID- 19 is eligible for CSR activity.

Impact: The amendments have brought clarification to the CSR fund spent and its activities.

5. Special Measures under Companies Act, 2013 and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak.

- Ministry of Corporate Affairs vide notification dated 24th March, 2020 has undertaken a new scheme for the benefit of Companies and LLP.
- In order to support Companies and Limited Liability Partnerships (LLPs) in India and to focus on taking necessary measures to address the COVID-19 threat, Ministry of Corporate Affairs has reduce their compliance burden and other risks through this scheme.



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- This scheme provides a duration starting from 1st April, 2020 till 30th September, 2020 where no additional fees shall be charged for late filing in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date.
- The scheme is applicable to any Companies and LLP registered under their respective Act which has made default in filing of documents on the due dates specified under the Act and it provides an opportunity for such defaulting companies and LLP to file belated Documents without any additional fees.

Impact: The special measure provides an opportunity to Companies and LLP for filing of belated documents without any additional fees during the said period.

6. Companies Fresh Start Scheme, 2020

- Ministry of Corporate Affairs vide notification dated 30th March, 2020 has formed a scheme for Companies to facilitate to make a fresh start on a clean slate.
- The scheme shall come into force from 1st April, 2020 and remain in force till 30th September, 2020 and is applicable to any “Defaulting Company” who has made default in filing of any of documents, statements, return, etc. including annual statutory documents on MCA registry to file belated documents which were due for filing on any given date in accordance with the scheme.

(Note: “Defaulting Company” means companies defined under Companies Act, 2013 and which has made default in filing of any of documents, statements, return, etc. including annual statutory documents on MCA registry.)

- Every defaulting company is liable to pay normal fees as prescribed in the Companies Act and the rules made thereunder on filing of such belated documents with the Registry and pursuant to the scheme no additional fees is levied on filing belated documents.
- The scheme is not applicable to following cases:



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1. Final notice of Striking Off the name of company has been initiated u/s 248 of Companies Act, 2013
2. Application for Striking Off the name of company has been filed before the ROC.
3. Under the scheme of compromise and arrangement the company has been amalgamated.
4. Application for obtaining status of Dormant Company has already been filed u/s 455 of Companies Act, 2013.
5. If any increase in Authorized Capital is involved (SH-7) and Charge related documents (CHG-1, CHG-4, CHG-8, CHG-9).
6. Vanishing companies.

Impact: The One time Scheme facilitates the Defaulting Companies to make the default good without payment of any additional fees.

7. LLP Settlement Scheme, 2020 - Modification

- Ministry of Corporate Affairs vide notification dated 30th March, 2020 modified LLP Settlement Scheme, 2020.
- The scheme shall come into force from 1st April, 2020 and remain in force till 30th September, 2020 and it is applicable to any **"Defaulting LLP"** to file belated Documents, which were due for filing till 31st August, 2020.

(Note: "Defaulting LLP" means a LLP registered under Limited Liability Partnership Act, 2008 which has made default in filing of documents on the due dates specified under the LLP Act, 2008 and the rules made there under.)

- Every defaulting LLP is liable to pay normal fees as prescribed in the Companies Act and the rules made thereunder on filing of such belated documents with the Registry and pursuant to the scheme no additional fees is levied on filing belated documents.
- The scheme is not applicable to LLP which have made application in Form 24 to Registrar, for striking of their name from the register.

Impact: The modification of the scheme has led to change in the applicability period starting from 1st April, 2020 and remain in force till 30th September, 2020 and the documents due for filing till 31st August, 2020 is allowed for filing without any additional



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fees unlike Additional fees of **Rs.10/-** payable per day of delay and such fees shall not exceed **5000/-** per document under the original scheme.

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We suggest readers to draw their conclusions after taking into consideration various other relevant sections, rules to be notified from time to time and applicable Secretarial Standards, Accounting Standards and Guidance notes and other notifications, circulars and amendments notified from time to time.

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