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

1. Amendment in Companies (Acceptance of Deposits) Rules, 2014

- Ministry of Corporate Affairs vide notification dated 7th September, 2020 has amended the Companies (Acceptance of Deposits) Rules, 2014. These rules may be called the Companies (Acceptance of Deposits) Amendment Rules, 2020 which shall come into force on the date of their publication in Official Gazette.
- Rule 2(1)(c)(xvii) of Companies (Acceptance of Deposits) Rules, 2014 deals with the amount received by the start-up companies by way of convertible note shall not be considered as deposits if repayable within a period not exceeding **five years**. In the said rule words "**Five years**" shall be substituted with words "**Ten years**".
- Rule 3(3)(i) states that in case of private company which is start-up, maximum limit in respect of deposits to be accepted from members shall not apply for **five years** from the date of its incorporation. In the said rule words "**Five years**" shall be substituted with words "**Ten years**".

Impact: MCA by issuing this notification has increased the number of years for start-up Companies under Companies (Acceptance of Deposits) rule in order to provide them benefits to increase their cash flow and to support them grow their business.

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

- Ministry of Corporate Affairs vide notification dated 28th September, 2020 has further amended the Companies (Meeting of Board and its Powers) Rules, 2014 due to COVID-19 situation prevailing in India. These rules may be called the Companies (Meeting of Board and its Powers) Third Amendment Rules, 2020 which shall come into force on the date of their publication in Official Gazette.
- Rule 4(2) states that the meeting of Board of Directors can be held through video conferencing or other audio visual means in accordance with rule 3 on certain matters till 30th September, 2020 which stands to be extended till **31st December, 2020**.

Impact: On account of ongoing COVID-19 pandemic, MCA has further extended the date of discussing the matters by the Board in the Board Meeting through video conferencing and other audio visual means.

3. Amendments in the Companies (Appointment and Qualification of Directors) Rules, 2014

- Ministry of Corporate Affairs vide notification dated 28th September, 2020 has further amended the Companies (Appointment and Qualification of Directors) Rules, 2014.



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These rules may be called the Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2020. They shall come into force on the date of their publication in Official Gazette.

- Rule 6(1)(a) states that every individual who has been appointed as an Independent Director in a company, shall within period of **ten months** apply online for inclusion of name in the data bank.

The words “**Ten months**” shall be substituted with the words “**Thirteen months**”.

Impact: The time for inclusion of name of independent director in the data bank has been further amended and increased from a period of “ten months” to “thirteen months”.

4. Relaxation of additional fees and extension of last date of filing of CRA-4 (form for filing Cost Audit Report) for FY 2019-20 under the Companies Act, 2013

- Ministry of Corporate Affairs vide its General Circular dated 10th September, 2020 has extended the last date of filing CRA-4 and have also relaxed the additional levying of fees due to impact of COVID-19 pandemic.
- This circular states that for financial year 2019-20, if the cost auditor submits the Cost Audit Report by 30th November, 2020 it will not be considered as violation of Rule 6(5) of Companies (Cost Records and Audit) Rules, 2014. Once receipt of Cost Audit Report, the company shall file e-form CRA-4 within Thirty (30) days from such receipt.

Impact: MCA is providing companies with extension of time to file e-form without levying any additional fees in the current situation so the companies can comply with the Act and rules made thereunder.

5. Extension of Companies Fresh Start Scheme, 2020

- Ministry of Corporate Affairs vide General Circular dated 28th September, 2020 has decided to extend the last date of Companies Fresh Start Scheme, 2020.
- This scheme was introduced for Companies in order to facilitate fresh start on a clean slate which came into force on 1st April, 2020 and was available till **30th September, 2020** which stands to be extended till **31st December, 2020** due to the disruption caused by COVID-19 Pandemic.
- This scheme provides one time opportunity to any “Defaulting Company” who has made default in filing of any 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 by levying normal fees.



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(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.)

Impact: MCA has further extended the benefits of Companies Fresh Start Scheme, 2020 to defaulting companies till 31st December, 2020 to make the default good without payment of any additional fees.

6. Extension of LLP Settlement Scheme, 2020

- Ministry of Corporate Affairs vide General Circular dated 28th September, 2020 has extended last date of LLP Settlement Scheme, 2020 for any Defaulting LLP to file belated returns with levy of normal fees as prescribed in the Act which came into force on 1st April, 2020 and was applicable till **30th September, 2020** and stands to be extended till **31st December, 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.)

Impact: The extension of the scheme has facilitated LLP to reduce their compliance burden and other risks through this scheme and to become compliant LLP without incurring any additional compliance cost.

7. Extension of time- Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013

- MCA vide General Circular dated 28th September, 2020 has extended the scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013 which was introduced by Central Government. ”.
- The scheme is applicable for filing Form CHG-1 and CHG-9 extended till **31st December, 2020** and following changes are made namely:

Applicability	Relaxation time	Applicable fees
Where the date of creation/modification of charge is before 1 st March, 2020 and the timeline for filing such form as per section 77 has not expired	In case form is filed in such situation then the period beginning from 1 st March, 2020 till 31st December, 2020 (earlier 30th September, 2020) shall not be counted under section 77 and 78 of Companies Act, 2013.	fees shall be applicable as on 29 th February, 2020
	In case form is not filed	fees is applicable after



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	within such period then days starting from 1st January, 2021 (earlier 1st October, 2020) shall be counted for the purpose of timeline under section 77 and 78 of the Act.	counting the number of days within which the form is filed (excluding the period from 1 st March, 2020 till 31 st December, 2020).
Where date of creation/modification is between 1 st March, 2020 to 31st December, 2020 (earlier 30th September, 2020)	In case form is filed in given situation then the period beginning from date of creation /modification of charge till 31st December, 2020 (earlier 30th September, 2020) shall not be counted for purpose of timeline under section 77 and 78 of the Act.	liable to pay normal fees
	In case form is not filed within such period then period starting from 1st January, 2021 (earlier 1st October, 2020) shall be considered the first day in order to comply with the timeline given under the Act.	fees shall be calculated accordingly.

Impact: This scheme provides further relaxations to the companies in order to comply with the timelines for filing charge related forms in this COVID-19 pandemic situation.

8. Clarification on passing of ordinary and special resolutions by companies under the Act on account of COVID-19

- Ministry of Corporate Affairs through this circular allows the companies to conduct their Extra-ordinary General Meeting through Video conferencing and other Audio Visual means or transact business through postal ballot upto **31st December, 2020**.

Impact: MCA has extended the date from 30th September, 2020 to 31st December, 2020 for passing resolution of urgent nature where member's approval is required through Video Conferencing and other audio visual.



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9. Clarification with regards to creation of deposit repayment reserve and to invest or deposit amount of Debentures under rule 18 of Companies (Share Capital and Debentures) Rules, 2014

- Ministry of Corporate Affairs vide circular dated 29th September, 2020 has extended the due date of creating minimum 20% of deposit repayment reserve account as per Section 73(2)(c) stand to be extended from 30th September, 2020 till **31st December, 2020**.
- This circular has also extended the due date of investing or depositing minimum 15% of amount of Debentures maturing in the following year as provided in rule 18 of Companies (Share Capital and Debentures) Rules, 2014 from 30th September, 2020 to **31st December, 2020**.

Impact: MCA after considering the current prevailing situation has extended the date for creation of deposit repayment reserve and to invest or deposit amount of Debentures in the account from 30th September, 2020 till 31st December, 2020.

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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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