Corporate Laws & Corporate Governance Committee

The Institute of Chartered Accountants of India

Issue Number -25

Updates on the Corporate Laws 1-09-2020 to 30-09-2020

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Companies (Acceptance of Deposits) Amendment Rules, 2020

The Ministry of Corporate Affairs has further amended Companies (Acceptance of Deposits) Amendment Rules, 2014 on 7th September 2020. The following amendments have been made:

Rule 2 (1)(c)(xvii), which specifies the definition of deposits has been substituted, namely:
"An amount of twenty-five lakh rupees or more received by a start-up company, by way of a convertible note (convertible into equity shares or repayable within a period not exceeding ten years (from the date of issue) in a single tranche, from a person."

The period of repayment was fixed at 5 years from the date of issue, prior to this amendment which has been extended to 10 years

Details are available at
http://www.mca.gov.in/Ministry/pdf/Rule_08092020.pdf

Relaxation of additional fees and extension of last date of filling of CRA-4 (form for filing of cost audit report) for FY 2019-20

The Ministry of Corporate Affairs vide its circular dated 10th September, 2020 has clarified that if cost audit report for the financial year 2019-20 by the cost auditor to the BOD of the Companies is submitted by the 30th November, 2020 then the same would not be viewed as the violation of rule 6(5) of Companies (cost records and audit) Rules, 2014 and consequently the cost audit report shall be filed in e-form CRA-4 within 30 days from the date of receipt of the copy of the cost audit report by the company.

However, in case a company has availed extension of time for holding AGM then e-form CRA-4 may be filed within the timelines provided under the proviso to rule 6(6) of the above said rules.

Details are available at: http://www.mca.gov.in/Ministry/pdf/circular_10092020.pdf

Extension of Annual General Meeting (AGM) for the financial year ended as at 31.03.2020 without filing of GNL-1

Ministry of Corporate Affairs (Registrar of Companies of various States) has issued order dated 8th September, 2020 across the country to extend the time for holding of AGM for the financial year ended on 31.03.2020 by three months from the due date by which AGM ought to have been held in accordance with section 96(1) of the Companies Act, 2013 without requiring the Companies to file applications for seeking such extensions through prescribed Form GNL-1.

Accordingly, the Companies are not required to file Form GNL-1 for seeking extension.

Further, it has been clarified by the respective ROC's that the extension shall cover the following:

a) Pending application filed in Form GNL-1 for the extension of AGM for the financial year ended on 31.03.20 which is yet to be approved
b) Application filed in Form GNL-1, for the extension of AGM for the financial year ended on 31.03.20 which were rejected.

An announcement in this regard, has also been hosted on the ICAI website. Link for the same has been given below
https://www.icai.org/post/registrar-companies-various-regions-ext-agm

Extension of period of the Company Law Committee

In continuation of the Order of even no. dated 18.09.2019 (annexed in the Circular), the Ministry of Corporate Affairs dated 17.09.2020 have hereby extended the tenure of the Company Law Committee up to two years from the date of that order i.e. up to 17.09.2021.

Details are available at: http://www.mca.gov.in/Ministry/pdf/ExtensionNotice_17092020.pdf

Extension of Companies Fresh Start Scheme, 2020

In continuation to this Ministry's General Circular No.12/2020 dated 30.03.2020, in view of the large scale disruption caused by the COVID-19 Pandemic and after due examination, it has been decided to extend aforesaid scheme till 31st December, 2020.

Details are available at:
http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.30_28092020.pdf

Extension of LLP Settlement Scheme, 2020

In continuation to this Ministry's General Circular No.13/ 2020 dated 30.03.2020, in view of large scale disruption caused by the COVID-19 pandemic and after due examination, it has been decided to extend aforesaid scheme till 31st December, 2020.

Details are available at:
http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.31_28092020.pdf

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

In continuation to this Ministry's General Circular No.23/2020 dated 17.06.2020 [G.C] and after due examination and it has been decided to extend scheme till 3'1.12.2020. Accordingly,

the figures "30.09.2020" and "01.10.2020" wherever they appear in the G.C. shall be substituted with figures "31.12.2020" and "01.01.2021" respectively.

Details are available at:
http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.32_28092020.pdf

Clarification on passing of ordinary and special resolutions by companies under the Companies Act,2013 read with rules made thereunder on account of COVID-19- Extension of time

In continuation to this Ministry's General Circulars No.14/2020 dated 8th April, 2020, No.17 /2020 dated 13th April, 2020 and No.22/2020 dated 15.06.2020 and after due examination and it has been decided to allow companies to conduct their EGMs through VC or OAVM or transact items through postal ballot in accordance with the framework provided in the aforesaid Circulars upto 31 st December, 2020.

Details are available at:
http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.33_28092020.pdf

Announcement for Extension of due dates for various Schemes, Registration as Independent Director, DIR-3 KYC, holding EGM, till 31st December, 2020 by the Government of India hosted on ICAI website

Considering the difficulties faced by the corporates and professionals due to the continued disruption in certain parts of the country and to provide greater Ease of doing business, the Institute of Chartered Accountants of India requested the Government of India to enhance the timelines as the corporates are not able to take the desired benefit of the relaxations.

In this regard, the Government has considered the request sent by the Institute of Chartered Accountants of India and has extended the various timelines till 31st December, 2020.

Details are available at: https://resource.cdn.icai.org/61295clcgc290920.pdf

Companies (Amendment) Act, 2020

The Companies (Amendment) Act, 2020 (herein after referred to as 'the Amendment Act') got the assent of Hon'ble President as on 28th September, 2020 and is thus operative since that date. It was passed by the Lok Sabha on 19th September, 2020 and by the Rajya Sabha on 22nd September, 2020.

There are amendments in 61 sections in the Act and 4 sections have been newly inserted which includes the provisions for Producer Companies. Major thrust of the Amendment Act is decriminalisation of the Companies Act, 2013 and lightening rigour of penalties. Besides relaxation of CSR law, remuneration to non-executive directors in case of inadequate profits, producer companies, periodic financial results by non-listed companies, etc. has been provided.

An announcement in this regard, for the highlights and detailed amendments in the Companies (Amendment) Act, 2020 has also been hosted on the ICAI website, Committee page. Link for the same has been given below.

Details are available at: https://resource.cdn.icai.org/61306clcgc290920b.pdf, https://resource.cdn.icai.org/61305clcgc290920a.pdf

Refresher Course on Corporate Laws" by the Corporate Laws & Corporate Governance Committee of ICAI hosted by Ernakulam Branch of SIRC of ICAI

Keeping in mind the rapid changes taking place in the Corporate Laws and to create awareness amongst the members for discharging their professional duties in a better and effective manner, the Corporate Laws & Corporate Governance Committee of ICAI organised a "Refresher Course on Company Law" hosted by Ernakulam Branch of SIRC of ICAI on the **23rd, 24th, 25th 30th September and 1st October, 2020.**

Details are available at: https://www.icai.org/new_event.html?event=5299

Re-lodgement of Transfer Share Requests in terms of Regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Securities and Exchange Board of India (SEBI), vide circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020 has fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds in terms of Regulation 40 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, it has been clarified that the shares which are re-lodged for transfer (including those request that are pending with the listed company / RTA, as on date) shall henceforth be issued only in demat mode.

Details are available at:
https://www.sebi.gov.in/legal/circulars/sep-2020/re-lodgement-of-transfer-requests-shares_47500.html