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MCA UPDATES FOR THE MONTH OF AUGUST 2019

RULES

1. Companies (Share Capital and Debenture) Amendment Rules, 2019 **(August 16, 2019)**

Shares with differential voting rights of the company, the existing cap of 26 per cent of the total post issue paid up equity share capital has been enhanced to 74 per cent. Further, Employee Stock Options (ESOPs) can now be issued by start-ups to promoters or directors holding more than 10 per cent of equity shares for 10 years from the date of their incorporation instead of five years earlier as prescribed earlier. The norms for shares with differential voting rights have been amended to enable promoters of Indian companies to retain control "in their pursuit for growth and creation of long-term value for shareholders, even as they raise equity capital from global investors. MCA has also amended the requirements with regard to Debenture Redemption Reserve (DRR) and investment or deposit of sum in respect of debentures maturing during the year ending on the 31'st day of March of next year, for all companies.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/ShareCapitalRules_16082019.pdf

2. Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2019
(August 23, 2019)

The Ministry of Corporate Affairs, has notified the second amendment rules for the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. The changes made to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 by the 2019 Amendment have been quite comprehensive. Under the IEPF amendments of 2019, some new (or revised) forms have been issued viz. Form No. IEPF-1A is meant to function as a statement of the amounts that have been credited to the Investor Education and Protection Fund in any given period. Form No. IEPF-2, on the other hand, is a statement of all unpaid and unclaimed amounts, along with the details of the Nodal Officer; Form No. IEPF-4 can be used for providing a statement of the shares transferred to the IEPF fund within a given period. Lastly, Form No. IEPF-5 can be used as an application to the relevant authority to claim unpaid shares and amounts out of the IEPF. The provisions under the 2nd Amendment to the IEPF will come into force from the 20th of August, 2019. However, the rules outlined under the Sections 6 (i), 6 (iv), 6 (v), 6(vi), 6(vii) and 6 (viii) will not come into force until the 20th of September, exactly one month after the rest. The amendment allows companies which has transferred money to the Fund under clauses (a) to (d) of Section 205C, sub-section 2 of the Companies Act should ensure that it has filed the statement in the excel template as required. If a company has not filed a statement after transferring the amount or has filed it in any format other than the recommended excel template, then it should submit, within sixty days of being notified of the amended rules, submit the details listed therein.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/IEPF2Rule_23082019.pdf

3. Companies (Incorporation) 7th Amendment Rules 2019 **(August 28, 2019)**

The Companies (Incorporation) Fourth Amendment Rules, 2018 has amended the provisions for making an Application for approval of concerned Regional Director under Section 2(41) for change of the financial year and Application under section 14 for the conversion of a public company into a private company, shall be filed in e-Form No. RD-1 and accordingly a new form is also introduced to comply with the directions of RD to the applicant/person or the company to furnish such information, or to rectify defects or incompleteness and to re-submit such application within a period of fifteen days, in e-Form No. RD-GNL-5. It has been notified by the MCA that both forms (revised) would be made available shortly on the MCA21 Company Forms Download page for filing purposes. Stakeholders are advised to check the latest version before filing.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/SeventhAmendmentRules_28082019.pdf

COMMENCEMENT NOTIFICATION

1. Commencement of Notification dated 14 August 2019 **(August 14, 2019)**

MCA has notified the date of commencement for various provisions and amendments of the Companies(Amendment) Act,2019 which shall come into force from 15th day of August, 2019. Following provisions of sections 6, 7 and g, clauses (i), (in) and clause (irr) of section 14, section 20, section 31, sections 33, 34 and 35 and sections 37 and 38 of the said Act shall come into force as per the details provided hereunder :

S. No.	Section of		Title
	Companies (Amendment) Act, 2019	Companies Act, 2013	
1.	Section 6	Section 26	Matters to be stated in prospectus
2.	Section 7	Section 29	Public Offer of Securities to be in Dematerialized Form
3.	Section 8	Section 35	Civil Liabilities for Mis-statements in Prospectus
4.	Clause (i), (iii) and (iv) of section 14	Section 90	Register of significant beneficial owners in a company
5.	Section 20	Section 132	Constitution of National Financial Reporting Authority
6.	Section 31	Section 212	Investigation into Affairs of Company by Serious Fraud Investigation Office
7.	Section 33	Section 241	Application to Tribunal for Relief in Cases of Oppression, etc
8.	Section 34	Section 242	Powers of Tribunal
	Section 35	Section 243	Consequences of Termination or Modification of Certain Agreements
9.	Section 37	Section 272	Petition for Winding Up
10.	Section 38	Section 398	Provisions Relating to Filing of Applications, Documents, Inspection, etc., in Electronic Form

For More Information: -

http://www.mca.gov.in/Ministry/pdf/CommencemntNotification_14082019.pdf

CIRCULARS

1. General Circular 9/2019 **(August 21, 2019)**

It has been clarified that the provision of section 232(6) of the Act enables the companies in question to choose and state in the scheme an 'appointed date'. This date may be a specific calendar date or may be tied to the occurrence of an event such as the grant of license by a competent authority or fulfillment of any preconditions agreed upon by the parties, or meeting any other requirement as agreed upon between the parties, etc., which are relevant to the scheme. The 'appointed date' identified under the scheme shall also be deemed to be the 'acquisition date' for all purposes. However, where the 'appointed date' is chosen as a specific calendar date, it may precede the date of filing of the application for a scheme of merger/ amalgamation in NCLT. However, if the 'appointed date' is significantly ante-dated beyond a year from the date of filing, the justification for the same would have to be specifically brought out in the scheme and it should not be against the public interest. Further, in the case of the event base 'Appointed Date', the said event would have to be indicated in the scheme itself upon the occurrence of which the scheme would become effective. However, in case of such event-based date being a date subsequent to the date of filing the order with the Registrar under section 232(5), the company shall file an intimation of the same with the Registrar within 30 days of such scheme coming into force.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/GeneralCircular_21082019.pdf

General

1. **MCA with a view to simplifying the process has introduced the new process for the Incorporation of Section 8 Companies**. Accordingly, the requirement of prior filing of INC-12 for new Section 8 companies are being dispensed with vide the Companies (Incorporation) Sixth Amendment Rules, 2019 dated 7th June, 2019. Henceforth, Section 8 Companies can be incorporated by either reserving names through Run and filing SPICe thereafter or by directly filing SPICe. The Licence No. for a section 8 company shall henceforth be allotted at the time of incorporation itself. In view of the above, all pending INC-12 SRNs for new Companies pending at respective RoCs would be marked as 'Rejected' on 15th August 2019. Such applicants may thereafter directly file SPICe for obtaining License Number and for the incorporation of Section 8 Companies. Stakeholders who have already obtained License Numbers and are yet to file SPICe form for incorporating Section 8 companies may do so at their convenience but may please note that the forms shall be processed only after a certain time lag to allow for workflow changes to take effect. Those stakeholders who have already filed SPICe forms which are pending at CRC may kindly await processing of these forms after the workflow changes take effect.

2. [MCA has released the report of the High-Level Committee on Corporate Social Responsibility \(CSR\) headed by Corporate Affairs Secretary Sh. Injeti Srinivas](#). The High-Level Committee has the mandate to review the existing CSR framework and make recommendations on strengthening the CSR ecosystem, including monitoring implementation and evaluation of outcomes. Major recommendation of the High-Level Committee on Corporate Social Responsibility includes Making CSR expenditure tax-deductible, Provision for carrying forward of unspent balance for a period of 3 – 5 years, Aligning Schedule 7 with the SDGs by adopting a SDG plus framework (which would additionally include sports promotion, Senior Citizens' welfare, the welfare of differently-abled persons, disaster management and heritage protection), Balancing local area preferences with national priorities, Introducing impact assessment studies for CSR obligation of 5 crores or more, Registration of implementation agencies on MCA portal, Developing a CSR exchange portal to connect contributors, beneficiaries and agencies, Allowing CSR in social benefit bonds, Promoting social impact companies and third party assessment of major CSR projects, Companies having CSR prescribed amount below Rs. 50 lakh may be exempted from constituting a CSR Committee and Violation of CSR compliance may be made a civil offence and shifted to the penalty regime.

Hope the information will assist you in your Professional endeavours. In case of any query / information, please do not hesitate to write back to us at E: pcschinki@gmail.com and M: +91 9050320565.

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Best Regards '



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