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MCA UPDATES FOR THE MONTH OF JUNE 2020**RULES****1. Companies (Share Capital and Debentures) Amdt Rules 2020****(June 05, 2020)**

MCA has notified the Companies (Share Capital and Debentures) Amendment Rules, 2020 which shall come into effect from 5th June, 2020. The company shall not issue sweat equity shares for more than 15% of the existing paid-up equity share capital in a year or shares of the issue value of rupees five crores, whichever is higher, provided that a start-up company may issue sweat equity shares not exceeding 50% of its paid-up capital up to 10 years from the date of its incorporation or registration. Further, In case of privately placed debentures, for listed companies which are registered as NBFC with RBI or Housing Finance Company with National Housing Bank or other listed company, the requirement to invest or deposit, on or before the 30th day of April in each year, 15% of the amount of debentures during the year to be redeemed in the next year has been removed.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/Rule_08062020.pdf

2. Companies (Meetings of Board and its Powers) 2nd Amdt. Rules 2020**(June 24, 2020)**

MCA has notified the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2020 which shall come into effect from June 23, 2020. The MCA has earlier provided certain relaxation w.r.t conduct of Board Meeting for approving financial statements through Video Conferencing (VC) or Other Audio-Visual Means (OAVM), upto June 30, 2020. Now through this amendment, MCA has further extended the above relaxation for all the Board meetings to be conducted till September 30, 2020, to approve its financial statements through VC or OAVM.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/Rule1_25062020.pdf

3. Companies (Appointment and Qualification of Directors) 3rd Amendment Rules 2020 **(June 24, 2020)**

MCA has amended the Companies (Appointment and Qualification of Directors) Rules, 2014 through the Companies (Appointment and Qualification of Directors) Third Amendment Rules, 2020 which shall come into effect from June 23, 2020. Accordingly, MCA has further extended the last date for registration of details of Independent Directors in the ID Data Bank for a further three months, i.e. ten months from December 1, 2019. The date is extended up to September 30, 2020 instead of the earlier extension granted up to June 30, 2020.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/Rule2_25062020.pdf

4. Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules 2020 **(June 29, 2020)**

Ministry of Corporate Affairs vide its notification dated 29th June, 2020 has issued Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2020. The rules shall come into force on the date of their publication in the Official Gazette i.e. June 29, 2020. STK-3A is introduced for the (a) Government company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments; or (b) subsidiary of a Government company, referred to in clause (a), in which the entire paid up share capital is held by that Government company. A duly notarised indemnity bond in Form STK-3A shall be given by an authorised representative, not below the rank of Under Secretary or its equivalent, in the administrative Ministry or Department of the Government of India or the State Government, as the case may be, on behalf of the company.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/Rule3_30062020.pdf

CIRCULARS

1. General Circular 22/2020

(June 15, 2020)

MCA has issued further Clarification on the passing of ordinary and special resolutions by companies under the Companies Act, 2013 read with rules made thereunder on account of COVID-19. This is In Continuation of its General Circular No. 14/2020 dated April 08, 2020, and General Circular No. 17/2020 dated April 13, 2020, where, MCA had issued a clarification on the passing of ordinary and special resolutions by companies and allowed companies to pass ordinary and special resolutions of urgent nature up to June 30, 2020 or to transact relevant business through postal ballot as per the procedure specified therein. The MCA has examined and it has been decided to allow companies to conduct their EGMs through VC or OAVM or transact items through the postal ballot in accordance with the framework provided in the aforesaid Circulars up to September 30, 2020. All other requirements provided in the said Circulars remain unchanged.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/Circular22_15062020.pdf

2. General Circular 23/2020

(June 17, 2020)

MCA has launched "**Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013**" for the purpose of condoning the delay in filing certain forms related to creation/ modification of charges. The scheme shall come in to effect from June 17, 2020. The scheme shall be applicable in respect of filing of Form No. CHG-I and Form No. CHG-9 by a company or a charge holder, where the date of creation / modification of charge:

Case a): - is before 01.03.2020, but the timeline for filing such form had not expired under section 77 of the Act as on 01.03.2020,

The period beginning from 01.03.2020 to 30.09.2020 shall not be counted for the purpose of counting the days under section 77 or section 78 of the Act. The First day shall be after 29.02.2020 shall be counted as 01.10.2020.

Case b): - falls on any date between 01.03.2020 to 30.09.2020 (both dates inclusive).

The period beginning from the date of creation/ modification of charge to 30.09.2020 shall not be counted for the purpose of counting the days under section 77 or section 78 of the Act. The First day after the date of creation/ modification of charge shall be counted as 01.10.2020.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/Circular23_17062020.pdf

3. General Circular 24/2020

(June 20, 2020)

MCA has issued a clarification with regard to creation of deposit repayment reserve and to invest deposit amount of debentures. Clarification is issued to relax the requirement under Section 73(2)(c) of Companies Act, 2013 to create the Deposit Repayment Reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April, 2020, shall now be allowed to be complied with till 30th September, 2020 and for the requirement under Rule 18 of the Companies (Share Capital & Debentures) Rules, 2014, to invest or deposit at least 15% of the amount of debentures maturing in specified methods of investments or deposits before 30th April, 2020, may now be complied with till 30th September, 2020. Earlier these dates were extended up to 30th June, 2020.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/Circular24_20062020.pdf

NOTIFICATIONS

1. Further Amendments in Schedule VII to the Act

(June 23, 2020)

The MCA has included contributions towards the Central Armed Police Forces (CAPF) and Central Paramilitary Forces (CPMF) veterans and their dependents including widows, within the definition of Corporate Social Responsibility (CSR). The MCA has issued a notification for amendment in the Schedule VII of the Companies Act, 2013 which shall come into force on the date of its publication in the Official Gazette i.e 23-06-2020. In exercise of the powers conferred by Section 467(1) of the Companies Act, 2013, the Central Government hereby makes the further amendments in Schedule VII to insert the words "Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;" after the words "war widows and their dependents" in item (vi) of Schedule VII. The notification has widened the scope of CSR, which was earlier restricted activities benefiting the army, navy and air force veterans and their dependents and war widows.

For More Information: -

<http://www.egazette.nic.in/WriteReadData/2020/220133.pdf>

General

1. The MCA has further decided to extend the period for names reserved and resubmission of forms. Accordingly, in case of names reserved for 20 days for new company incorporation. SPICE+ Part B was supposed to be filed within 20 days of name reservation. Now names expiring any day between March 15, 2020 to July 31, 2020, would be extended by 20 days beyond July 31, 2020. Further, the names reserved for 60 days for change of name of the company, the Form INC-24 had to be filed within 60 days of name reservation. Now the period has been extended for names expiring any day between March 15, 2020 to July 31, 2020 by 60 days beyond July 31, 2020. MCA has also extended the RSUB validity for companies. The SRNs where the last date of Resubmission (RSUB) falls between March 15, 2020 to July 31, 2020, an additional 15 days beyond July 31, 2020 is allowed. MCA has allowed extended the names reserved for 90 days for new LLP incorporation or change of name and FiLLiP Form 5 needs to be filed within 90 days of the name reservation. Now, the names expiring any day between March 15, 2020 to July 31, 2020 would be extended by 20 days beyond July 31, 2020. The RSUB validity for LLPs. The SRNs where the last date of resubmission (RSUB) falls between 15th March 2020 to July 31, 2020, an additional 15 days would be allowed from July 31, 2020 for resubmission.

For More Information: -

http://www.mca.gov.in/Ministry/pdf/Extension_22042020.pdf

2. The Ministry of Micro, Small and Medium Enterprise has notified new norms to allow online registration of new enterprises based on self-declaration, doing away the requirement to upload documents and certificates, from July 1, 2020. As per the notification, MSME Department came up with a new definition/ classification of MSMEs, procedure of issuing certificate called as Udyam Registration, composite criteria of investment and turnover, the meaning of investment, calculation of turnover etc has been covered. Udyam Registration will be available for registration from 1st July 2020. All enterprises registered under EM Part II and UAM are also required to get new registration under Udyam Registration. Enterprises are classified as Micro Enterprises, Small Enterprises and Medium Enterprises but there are upward changes made to cover more enterprises and to extend MSMEs benefit to larger numbers. All existing enterprises registered on or before 30 June 2020 will remain valid till 31st March 2020. Accordingly, Micro Enterprises means an enterprise having investment in plant and machinery or equipment up-to 1 Crore and turnover up-to 5 Crore, Small Enterprises means an enterprise having investment in plant and machinery or equipment up-to 10 Crore and turnover up-to 50 Crore and Medium Enterprises mean an enterprise having investment in plant and machinery or equipment up-to 50 Crore and turnover up-to 250 Crore.

For More Information: -

<http://www.egazette.nic.in/WriteReadData/2020/220191.pdf>

Act

1. The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020
(June 05, 2020)

MCA has notified the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 with effect from 5th June, 2020. The government of India has effectively suspended fresh bankruptcy proceedings against persons impacted because of COVID-19 for at least six months, up to a maximum of one year. The IBC (Amendment) Ordinance says that no business can be taken to bankruptcy tribunals for defaults during the period of the IBC's suspension.

For More Information: -

<https://ibbi.gov.in/uploads/legalframework/741059f0d8777f311ec76332ced1e9cf.pdf>

Regulations

1. IBBI (Insolvency Professionals) (Second Amendment) Regulations, 2020 (June 30, 2020)

The Insolvency and Bankruptcy Board of India hereby makes Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Second Amendment) Regulations, 2020 to amend the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016. They shall come into force on the date of publication in the Official Gazette. i.e. June 30, 2020. In regulation 12, in sub-regulation (1), for clause (a), the following clause shall be substituted, namely: — “(a) its sole objective is to provide support services to insolvency professionals;”

For More Information: -

<https://www.ibbi.gov.in/uploads/legalframework/9a2d4226b4155dd823be1053acf38c1c.pdf>

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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