

# REGULATORY NEWSLETTER

MONTHLY UPDATE MARCH 2020

(Circulars / Notifications released during March 2020)



*RBI*

*SEBI*

*MCA*

*IBBI*

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**1. Implementation of Indian Accounting Standards**

RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Dated 13<sup>th</sup> March, 2020

With a view to promote consistent implementation, RBI vide this circular has framed regulatory guidance on Indian Accounting Standards (Ind AS) for preparation of financial statements. The guidance will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) covered under Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 in preparation of their financial statements from financial year 2019-20 onwards..

The regulatory guidance is attached as Annexure to the notification.

[Notification](#)

**1. SEBI (Mutual Funds) (Amendment) Regulations, 2020**

No. SEBI/LAD-NRO/GN/2020/07  
Dated 6<sup>th</sup> March, 2020

SEBI vide this circular has amended the SEBI (Mutual Funds) Regulations, 1996.

Following is the gist of amendments:

1. **Regulation 26 pertaining to Appointment of custodian:** In case of a gold exchange traded fund scheme, the assets of the scheme being gold or gold related instruments may be kept in the custody of a custodian registered with the Board. Previously, it was kept in the custody of a Bank registered as custodian with the Board.
2. **Regulation 28 pertaining to Procedure for launching of schemes:** The investment by the sponsor or asset management company as required under the sub-regulation 4 shall be made in such option of the scheme, as may be specified by the Board. Previously it was allowed to be invested only in the Growth option of the scheme.

[Regulation](#)

**2. Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the CoVID -19 virus pandemic**

Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/38  
Dated 19<sup>th</sup> March, 2020

Vide this circular, SEBI has granted relaxations to listed entities from compliance stipulations specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'):

- A. The timelines for certain filings as required under the provisions of the LODR are extended.
- B. Relaxation of time gap between two board / Audit Committee meetings.

[Circular](#)

**3. Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and certain SEBI Circulars due to the CoVID -19 virus pandemic – continuation**

Circular No.: SEBI/HO/DDHS/ON/P/2020/41  
Dated 23<sup>rd</sup> March, 2020

This circular is issued in continuation of circular dated 19<sup>th</sup> March, 2020. Further clarification is provided with respect to the exemption granted with regard to the timelines for certain filings. The extension of timeline for issuance and filings for issuers who have listed/propose to list their Non-Convertible Debentures (NCDs) / Non-Convertible Redeemable Preference Shares (NCRPS)/ Commercial Paper(s) and extension of timeline for filings prescribed for Issuers of Municipal Debt Securities.

[Circular](#)

**4. Interoperability among Clearing Corporations: Revision of criteria for entering the risk-reduction Mode**

Circular No.: SEBI/HO/MRD2/DCAP/CIR/P/2020/45  
Dated 23<sup>rd</sup> March, 2020

SEBI, vide circular dated 27 November, 2018, had issued broad guidelines for operationalizing the interoperable framework among Clearing Corporations.

Vide this circular, SEBI has decided to omit the provisions pertaining to risk reduction mode in the said guidelines. Therefore, para 7 of circular dated December 13, 2012 pertaining to risk reduction mode would be the criteria for the Stock Exchanges to determine the stock brokers who would be admitted to the risk-reduction Mode.

Accordingly, stock brokers shall be mandatorily put in risk-reduction mode when 90% of the stock broker's collateral available for adjustment against margins gets utilized on account of trades that fall under the margining system. In terms of the December 13, 2012 circular the threshold for being put in risk reduction mode was 85%.

[Circular](#)

## 5. Relaxation in compliance with requirements pertaining to Mutual Funds

Circular No.: SEBI/HO/IMD/DF3/CIR/P/2020/47  
Dated 23<sup>rd</sup> March, 2020

SEBI has granted relaxations specified in SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder pursuant to COVID 19:

- a. All schemes (NFO) where observation letter was issued by SEBI and which are yet to be launched shall have a validity period of one year from the date of SEBI letter.
- b. All new schemes (NFO) where final observation letter will be issued shall have validity period of one year from the date of SEBI letter
- c. Timelines for certain disclosures specified in the circular are extended
- d. Effective date of implementation of certain policy initiatives have been extended
- e. Access controls presently exercised in the AMC's dealing room including call recording of deals is temporarily relaxed subject to checks and balances including electronic confirmation by way of email or other system having audit trail being in place.

[Circular](#)

## 6. SEBI Notification COVID 19

Circular No.: Sebi/covid-19/2020/01  
Dated 24<sup>th</sup> March, 2020

Vide this circular, SEBI has notified the list of the capital and debt market services which shall be exempted from the order of the Ministry of Home Affairs laying down the measures to be taken by the ministries and the departments of the Government of India, the State/Union Territory Governments and State/Union Territory Authorities for containment of COVID-19 Epidemic in the country.

All the commercial and private establishment shall be closed down except the following entities providing the capital and debt market services:

Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories, Custodians, Mutual Funds, Asset Management Companies, Stock Brokers, Trading Members, Clearing Members, Depositories Participants, Registrar and Share Transfer Agents, Credit Rating Agencies, Debenture Trustees, Foreign Portfolio Investors, Portfolio Managers, Alternative Investment Funds, Investment Advisers, Any other entities and regulated activities as notified by SEBI.

The Head Office/Regional Office/Local Offices of SEBI shall also function with minimum number of employees.

[Circular](#)

## 7. "Further relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) and the SEBI circular dated January 22, 2020 relating to Standard Operating Procedure due to the CoVID -19 virus pandemic"

Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/48  
Dated 26<sup>th</sup> March, 2020

In continuation of circular dated 19-03-2020, SEBI has decided to grant the following further relaxations from the LODR:

- a) Filings under different regulations of LODR
- b) Relaxation in period of holding Committee meetings –Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee
- c) Relaxation of the operation of the SEBI circular on Standard Operating Procedure dated January 22, 2020
- d) Publication of advertisements in the newspapers

[Circular](#)

<b>8. Relaxation from compliance with certain provisions of the SAST Regulations, 2011 due to the COVID-19 pandemic</b>
<div>Circular No.: SEBI/HO/CFD/DCR1/CIR/P/2020/49 Dated 27<sup>th</sup> March, 2020</div>
<p>The disclosure filings under Regulations 30(1), 30(2) and 31(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations), require the shareholders to compile, collate, and disseminate information of their consolidated shareholding as on March 31, 2020, to the company and the stock exchanges within seven working days from the end of the financial year.</p> <p>Vide this circular SEBI has extended the due date of filing these disclosures for the financial year ending March 31, 2020 to June 01, 2020 due to the spread of the COVID-19 pandemic.</p> <p><a href="#">Circular</a></p>
<b>9. “Relaxation from compliance with certain provisions of the circulars issued under SEBI (Credit Rating Agencies) Regulations, 1999 due to the COVID-19 pandemic and moratorium permitted by RBI.”</b>
<div>Circular No.: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/ 53 Dated 30<sup>th</sup> March, 2020</div>
<p>In view of the developments arising due to COVID-19 pandemic and in light of the moratorium permitted by RBI on loan servicing, working capital facilities etc. for three months, SEBI has decided to grant relaxations to Credit Rating agencies from the requirements stipulated vide circulars as under:</p> <ol style="list-style-type: none"> <li>Recognition of default (guidance issued vide circular dated MAY 3, 2010 and Nov 1, 2016)</li> <li>Extension in timelines for press release and disclosures on website (timelines for rating action/ issue of press release by CRAs stipulated vide SEBI circular dated June 30, 2017).</li> </ol> <p><a href="#">Circular</a></p>
<b>10. Extension of deadline for implementation of the circular on Stewardship Code for all Mutual Funds and all categories of AIFs due to the CoVID-19 pandemic</b>
<div>Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/55 Dated 30<sup>th</sup> March, 2020</div>
<p>SEBI, vide circular no. CIR/CFD/CMD1/168/2019 dated December 24, 2019 introduced a Stewardship Code for all Mutual Funds and all categories of AIFs, in relation to their investment in listed equities. The Code was to come into effect from April 1, 2020.</p> <p>SEBI has decided to extend the implementation of the aforesaid circular on Stewardship Code to July 1, 2020 considering the CoVID-19 pandemic.</p> <p><a href="#">Circular</a></p>
<b>11. Continuation of Phase II of UPI with ASBA due to Covid-19 virus pandemic</b>
<div>Circular No.: SEBI/HO/CFD/DIL2/CIR/P/2020/50 Dated 30<sup>th</sup> March, 2020</div>
<p>SEBI, vide circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/13 dated November 8, had extended the timeline for implementation of Phase II of Unified Payments Interface with Application Supported by Blocked Amount till March 31, 2020.</p> <p>SEBI has decided to defer the implementation of Phase III of UPI ASBA and to continue with the implementation of Phase II of UPI ASBA till further notice on account of the CoVID-19 pandemic.</p> <p><a href="#">Circular</a></p>
<b>12. Temporary relaxation in processing of documents pertaining to FPIs due to COVID-19</b>
<div>Circular No.: SEBI/HO/FPI&amp;C/CIR/P/2020/056</div>

In light of the recent events pursuant to COVID-19 pandemic, SEBI has decided to provide temporary relaxations with respect to compliance requirements for FPIs. The scanned version of signed documents (instead of originals) and copies of documents which are not certified can be considered by DDPs and Custodians for KYC registration/review/continuation/any other material changes.

The temporary relaxations are applicable till June 30, 2020 and DDPs and Custodians shall ensure to obtain the original and /or certified documents within 30 days from the aforesaid deadline.

[Circular](#)

### 13. Relaxation in compliance with requirements pertaining to Portfolio Managers

Circular No.: SEBI/HO/IMD/DF1/CIR/P/2020/57

Dated 30<sup>th</sup> March, 2020

In light of the recent market events due to COVID-19 pandemic, SEBI has decided to extend the timelines for the following compliance requirements by Portfolio Managers by two months:

- a. Monthly reporting to SEBI by Portfolio Managers for the periods ending March 31, 2020 and April 30, 2020
- b. Applicability of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020 on 'Guidelines for Portfolio Managers'.

[Circular](#)

### 14. Relaxation in compliance with requirements pertaining to AIFs and VCFs

Circular No.: SEBI/HO/IMD/DF1/CIR/P/2020/58

Dated 30<sup>th</sup> March, 2020

In light of the recent events pursuant to COVID-19 pandemic, SEBI has decided to extend the due date for regulatory filings for AIFs and VCFs for the periods ending March 31, 2020 and April 30, 2020 by two months, over and above the timelines prescribed under SEBI (Alternative Investment Funds) Regulations, 2012 and circulars issued thereunder.

[Circular](#)

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## MCA

### **1. Companies (Appointment and Qualification of Directors) Amendment Rules, 2020**

Notification No. G.S.R. 145(E)

Dated 28<sup>th</sup> February, 2020

MCA has amended the Companies (Appointment and Qualification of Directors) Rules, 2014. As per the amended rules, following changes have been brought in Rule 6 pertaining to Compliances required by a person eligible and willing to be appointed as an independent director:

- The time period for making an online application to the IICA for the inclusion of name in the data bank is extended from 3 months to five months i.e. from 29-02-2020 to 30-04-2020.
- Exemption from passing the online proficiency self-assessment test is extended to all individuals who have served as a director or key managerial personnel, for a total period of not less than ten years, as on the date of inclusion of their name in the databank, either in listed public company; or unlisted public company having a paid-up share capital of rupees ten crore or more; or **body corporate listed on a recognized stock exchange**.

#### Notification

### **2. Exemptions to Government Companies under section 462**

Notification No. G.S.R. 151(E)

Dated 2<sup>nd</sup> March, 2020

MCA vide notification dated 5<sup>th</sup> June 2015 had granted certain exemptions to Government Companies in respect of compliance with the provisions of Companies Act, 2013. Vide this notification, MCA has made certain amendments to such exemptions granted.

#### **Following is the gist of such amendments:**

1. Insertion of explanation in the definition of Government Company to the effect that “paid-up share capital” shall be construed as “total voting power”, where shares with differential voting rights have been issued
2. Non-applicability of first and second proviso to subsection (1) of section 188 pertaining to related party has been extended to a Government company in respect of contracts or arrangements entered into by it with Central Government or any State Government or any combination thereof. Previously, contracts or arrangements entered into with Government Company were only included.

#### Notification

### **3. Clarification on prosecutions filed or internal adjudication proceedings initiated against Independent Directors, non-promoters and non-KMP non-executive directors**

General Circular No. 1/2020

Dated 2<sup>nd</sup> March, 2020

Vide this circular, MCA has issued clarifications in respect of Independent Directors/non –promoters and non –KMP non-executive directors:

1. Prosecution proceedings will not be initiated against independent and non-executive directors without strong evidence of their complicity in defaults committed by the companies.
2. In view of the express provisions of Sec 149(12), Independent Directors and Non-Executive Directors (non-promoter non KMP) should not be arrayed in any criminal or civil proceedings under the Act unless the above mentioned criteria is met
3. In case of any doubts with regard to the liability of any person for any proceedings required to be initiated by the Registrar, guidance may be sought from the MCA. Consequently in such cases, proceedings must be initiated after receiving due sanction from the Ministry.
4. With respect to cases where prosecution may have been already filed and which do not meet the criteria mentioned in the circular, may be referred to the Ministry for necessary examination and further direction.

#### Circular

#### 4. LLP Settlement Scheme, 2020

General Circular No. 6/2020

Dated 4<sup>th</sup> March, 2020

MCA has notified LLP Settlement Scheme, 2020. Following are the salient features of the scheme:

1. **Applicability:** Any "defaulting LLP" is permitted to file belated documents, which were due for filing till 31st October, 2019 in accordance with the provisions of this Scheme: The documents covered would be Form 3- LLP Agreement and changes therein and statutory return, Form 4- Notice of appointment, cessation, change in name/ address/ designation of a designated partner or partner and consent to become a partner/ designated partner, Form-8- Statement of Account & Solvency (Annual or Interim) and Form-11- Annual Return of LLP
2. **Non-Applicability:** This scheme is not applicable for LLPs which have made an application in Form 24 LLP for strike-off.
3. **Reduced Additional Fee:** Additional fees reduced from Rs. 100 per day to Rs. 10 per day subject to a maximum of Rs. 5000 per document.
4. **Time Period:** This scheme shall come into force on the 16<sup>th</sup> March, 2020 and shall remain in force up to 13<sup>th</sup> June, 2020
5. **Immunity from Prosecution:** The defaulting LLPs, which have filed their pending documents till 13<sup>th</sup> June 2020 and made good the default, shall not be subjected to prosecution by Registrar for such defaults.

[LLP Settlement Scheme, 2020](#)

#### 5. Extension of last date of filing of Form NFRA-2

General Circular No. 7/2020

Dated 5<sup>th</sup> March, 2020

Vide this circular, MCA has extended the last date for filing of Form NFRA-2 i.e. Annual Return required to be filed by the Auditor. The time limit for filing of form NFRA-2 for reporting period FY 2018-19 will be 150 days (Previously 90 days) from the date of deployment of this form on the website of National Financial Reporting Authority (NFRA).

[Circular](#)

#### 6. Filing of forms in the Registry (MCA-21) by the Insolvency Professional (Interim Resolution Professional (IRP) or Resolution Professional (RP) or Liquidator) appointed under Insolvency Bankruptcy Code, 2016 (IBC, 2016)

General Circular No. 8/2020

Dated 6<sup>th</sup> March, 2020

Vide this Circular MCA has issued clarification on the subject in supersession of previous General Circular No. 04/2020 Dated 17<sup>th</sup> February, 2020. Following is the summary of the clarifications issued :

1. The IRP/RP/Liquidator while affixing his DSC, has to choose his designation as "CEO" in the declaration box and choose "Others" from the Dropdown Menu provided in the Form INC-28.
2. The Master Data for change in the status of the company from "Active"/ "Inactive" to CIRP/ Liquidation or CIRP/Liquidation to "Active" shall be effected only on the basis of Formal Change Request Form submitted by IBBI to E-governance Cell, MCA (HQ).
3. All filings of E-forms including AOC-4 and MGT-7 shall be filed through e-form GNL-2 by way of attachments till the company is under CIRP and against the date of the event and Board Resolution in INC-28 and GNL-2, date of order of NCLT/NCLAT/Court may be mentioned.
4. All forms shall be filed with payment of one time normal fee-only, till such time the company remains under CIRP. Separate GNL-2 forms shall be filed for each such document by the IRP/RP.

The necessary changes have been made in e-Form GNL-2 by the Companies (Registration Offices and Fees) Second Amendment Rules, 2020 issued and e-Form INC-28 by the Companies (Incorporation) Second Amendment Rules, 2020 issued vide Notifications dated 12<sup>th</sup> March, 2020.

[Circular](#)

#### 7. Exemption under Section 45 of the Banking Regulation Act, 1949

Notification No. S.O.\_\_\_\_(E)



Vide this notification, MCA has granted exemption to Banking Companies in respect of which the Central Government had issued a notification under Section 45 of the Banking Regulation Act, 1949 (10 of 49) from the application of the provisions of Sections 5 and 6 of the Competition Act, 2002 pertaining to Combination and Regulation of Combinations.

The exemption is for a period of five years from the date of this notification.

[Notification](#)

#### **8. Companies (Meetings of Board and its Powers) Amendment Rules, 2020**

Notification No. S.O. \_\_\_\_ (E)

Dated 19<sup>th</sup> March, 2020

Considering the need to take precautionary steps to overcome the outbreak of the coronavirus (Covid-19), MCA has decided to relax the requirement of holding Board meetings with physical presence of directors in respect of matters prescribed under rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 i.e. for approval of the annual financial statements, Board's report, etc.

Such meetings may be held through video conferencing or other audio visual means till 30<sup>th</sup> June, 2020 by duly ensuring compliance of rule 3 of the said rules.

[Notification](#)

#### **9. Company Affirmation of Readiness towards COVID-19**

Dated 23<sup>rd</sup> March, 2020

MCA has deployed Form CAR (Companies Affirmation of Readiness towards COVID-19). The form has been deployed as a confidence building measure to assess the readiness of the companies to deal with COVID-19 Threat in India.

The filing of this form is on voluntary basis and there is no penalty or enforcement related action for non-filing.

[Company Affirmation of Readiness towards COVID-19](#)

#### **10. Clarification on spending of CSR funds for COVID-19**

General Circular No. 10/2020

Dated 23<sup>rd</sup> March, 2020

Vide this circular MCA has issued clarification in respect of spending of CSR funds. It has been clarified that the spending of funds for COVID-19 is eligible CSR activity.

Accordingly, funds may be spent for various activities related to COVID-19 under Schedule VII relating to promotion of health care, including preventive health care and sanitation, and disaster management.

[Circular](#)

#### **11. Companies (Auditor's Report) Order, 2020**

Notification No. S.O. 1219(E).

Dated 24<sup>th</sup> March, 2020

Vide this notification; MCA has extended the applicability of Companies (Auditor's Report) Order, 2020 from 1<sup>st</sup> April, 2019 to 1<sup>st</sup> April, 2020.

[CARO, 2020](#)

#### **12. Special Measures under Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak**

General Circular No. 11/2020

MCA has implemented the following measures to reduce compliance burden and other risks on Companies and Limited Liability Partnerships (LLPs) in India amid the outbreak of COVID-19:

1. No additional fees will be charged for late filing during a moratorium period from 01<sup>st</sup> April to 30<sup>th</sup> September 2020, in respect of any document, return, statement etc. irrespective of the due date. The Circulars specifying detailed requirements in this regard will be issued separately.
2. The gap between two consecutive meetings of the Board may extend to 180 days till the next two quarters i.e. till 30<sup>th</sup> September, 2020, instead of 120 days as provided in Section 173 of the Companies Act, 2013.
3. The Companies (Auditor's Report) Order, 2020 shall be made applicable from the financial year 2020-2021 instead of being applicable from the financial year 2019-2020 notified earlier.
4. Non-holding of at least one meeting of Independent Directors (IDs) without the attendance of Non-independent directors and members of management for the FY 2019-20 will not be viewed as violation.
5. The requirement of creation of deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30<sup>th</sup> April 2020 shall be allowed to be complied with till 30<sup>th</sup> June 2020.
6. The requirement to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30<sup>th</sup> April 2020 may be complied with till 30<sup>th</sup> June 2020.
7. An additional period of 180 days is allowed for compliance requirement for filing declaration of commencement of business by newly incorporated companies.
8. Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company shall not be treated as a non-compliance for the financial year 2019-20.

[Circular](#)

### 13. Clarification on contribution to PM CARES Fund as eligible CSR activity under item no. (viii) of the Schedule VII of Companies Act, 2013

eF. No. CSR-05/1/2020-CSR-MCA

Dated 28<sup>th</sup> March, 2020

Vide this circular, MCA has clarified that any contribution made to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund) set up by the Government of India shall qualify as CSR expenditure under the Companies Act, 2013.

[Circular](#)

### 14. LLP Settlement Scheme , 2020 - Modification

General Circular No. 13/2020

Dated 30<sup>th</sup> March, 2020

MCA has modified the LLP Settlement Scheme, 2020 notified vide General Circular 06/2000 dated 04-03-2020.

#### Following are the modifications:

1. **Applicability:** Any "defaulting LLP" is permitted to file belated documents, which were due for filing till 31<sup>st</sup> August, 2020 (Previously 31<sup>st</sup> October, 2019)
2. **Reduced Additional Fee:** No additional fees shall be payable on filing of belated documents. Previously reduced additional fee of Rs. 10 per day subject to a maximum of Rs. 5000 per document was to be paid.
3. **Time Period:** This scheme shall come into force from 01<sup>st</sup> April, 2020 and shall remain in force upto 30<sup>th</sup> September, 2020 (Previously the period was from 16<sup>th</sup> March, 2020 up to 13<sup>th</sup> June, 2020)
4. **Immunity from Prosecution:** The defaulting LLPs, which have filed their pending documents till 30<sup>th</sup> September, 2020 (previously 13<sup>th</sup> June 2020) and made good the default, shall not be subjected to prosecution by Registrar for such defaults.

[LLP Settlement Scheme, 2020 - Modification](#)

### 15. Companies Fresh Start Scheme, 2020

General Circular No. 12/2020

Dated 30<sup>th</sup> March, 2020

MCA has notified Companies Fresh Start Scheme, 2020 (CFSS-2020). Following are the salient features of the scheme:

1. The Scheme provides immunity to stakeholders who have been unable to file specified documents including annual filing to ROCs.
2. The scheme grants immunity to companies from any prosecution or proceeding for imposing any penalty on account of delay in filing documents.
3. The scheme provides an opportunity to companies registered in India to make a fresh start on a clean slate.

**The provisions of CFSS-2020 are as under:**

- a. The CFSS 2020 scheme will remain in force from 1st April 2020 to 30th September 2020.
- b. It is a one-time opportunity to file all the pending documents including the annual filing of the company without levy of additional fees on account of such delay.
- c. The scheme provides an opportunity to inactive company to convert into a dormant company under section 455 of Companies Act, 2013 by filing form MSC-1 by payment of nominal fees
- d. The defaulting company shall be required to file the belated documents including annual returns by paying nominal fees (without including Additional Fees) as per Companies (Registration Offices and Fees) Rules, 2014
- e. The scheme provides immunity to companies in relation to prosecution or proceeding for imposing an additional penalty for not filing of belated documents. However, it does not provide immunity from any other consequential proceedings including proceeding involving the interest of its directors or key managerial personnel etc.
- f. If the company has appealed against any order of prosecution for penalty passed by the competent court or adjudicating authority then the company first needs to withdraw the application of appeal and furnish the proof of withdrawal to avail immunity in this CFSS 2020 scheme.
- g. If as on commencement of this Scheme the competent court or adjudicating authority has passed an order to prosecute and the company or its officer did not file the appeal before the Appellate authority or Regional director under section 454(6) of the companies act, 2013 then:-
  - i. The Company or officers are allowed 120 days to file an appeal before the Regional director if the last date of filing appeal falls between 1st March 2020 to 31st May 2020 &
  - ii. During such additional period, no prosecution under section 454(8) of the Companies Act, 2013 shall be initiated against the Company or officers for non-compliance of the order of the adjudicating authority in so far as it relates to delay associated with filing of any document statement or return .
- h. Non Applicability of Companies Fresh Start Scheme, 2020 (CFSS-2020):

**This scheme shall not apply in the following cases:-**

- i) Where final notice for striking off the name of the company under section 248 of the companies act, 2013 is already issued by the ROCs;
- ii) The company has made an application for striking off the name of the company from ROCs;
- iii) Companies has amalgamated under the scheme of compromise & arrangement;
- iv) The company has applied for dormant status under section 455 of the companies act, 2013 before the introduction of the scheme
- v) Vanishing Companies;
- vi) Where any increase in Authorized share capital is involved (i.e. filing of Form SH-7);
- vii) Charge related documents (i.e. CHG-1, CHG-4, CHG-8 & CHG-9);

[Companies Fresh Start Scheme, 2020](#)

## **IBBI**

### **1. Insolvency and Bankruptcy Code (Amendment) Act, 2020**

Dated 13<sup>th</sup> March, 2020

*Effective Date – 28<sup>th</sup> December, 2019*

IBBI has amended the Insolvency and Bankruptcy Code, 2016. Following is the gist of the provisions wherein amendments have been made:

S. No.	Section	Particulars
1.	Section 5	Definitions (Part II Insolvency Resolution and Liquidation for Corporate Persons)
2.	Section 7	Initiation of corporate insolvency resolution process by financial creditor
3.	Section 11	Persons not entitled to make application
4.	Section 14	Moratorium
5.	Section 16	Appointment and tenure of interim resolution professional
6.	Section 21	Committee of creditors
7.	Section 23	Resolution professional to conduct corporate insolvency resolution process
8.	Section 29A	Persons not eligible to be resolution applicant
9.	Section 32A	Insertion of new section 32A. Liability for prior offences, etc.
10.	Section 227	Power of Central Government to notify financial service providers, etc.
11.	Section 239	Power to make rules
12.	Section 240	Power to make regulations

With the Amendment Act, 2020 coming into effect, the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019 stands repealed.

### **The Insolvency and Bankruptcy Code (Amendment) Act, 2020**

### **2. Notification under section 5(15) of the Insolvency and Bankruptcy Code, 2016**

Notification No. S.O. 1145(E).

Dated 18<sup>th</sup> March, 2020

Vide this notification, explanation has been provided for debt raised from the Special Window for Affordable and Middle-Income Housing Investment Fund I for the purpose of clause (15) of Section 5 of the IBC, 2016.

The expression “Special Window for Affordable and Middle-Income Housing Investment Fund I” shall mean the fund sponsored by the Central Government for providing priority debt financing for stalled housing projects, as an Alternate Investment fund registered with the Securities and Exchange Board of India and established under sub-section (1) of section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), to provide financing for the completion of stalled housing projects that are in the affordable and middle-income housing sector.

### **Notification**

### **3. Notification under section 4 of the Insolvency and Bankruptcy Code, 2016**

Notification No. S.O. 1205(E)

Dated 24<sup>th</sup> March, 2020

MCA, vide this notification has specified one crore rupees as the minimum amount of default for the purposes of Section 4 pertaining to application under Insolvency Resolution and Liquidation for Corporate Persons. The earlier specified minimum amount was one lac rupees.

### **Notification**

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**Disclaimer:**

This is not a complete listing of all circulars/notifications issued during the month.  
Instead it is only a listing of some of the circulars/notifications that we considered important.

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