



## news flash September 2020



### **MINISTRY OF CORPORATE AFFAIRS : EXTENSION OF SCHEMES**

#### **Background**

The Ministry of Corporate Affairs (“MCA”) has been providing relaxations as regards certain compliances of the Companies Act, 2013 (“Act”) and has introduced schemes in order to ease the difficulty faced by companies due to COVID-19 and the resultant lockdown. Some of these relaxations and schemes were to remain in force till 30<sup>th</sup> September, 2020. The MCA has extended these relaxations and schemes keeping in mind the requests made by stakeholders, as explained below:

#### **1. Companies Fresh Start Scheme, 2020**

The MCA had introduced the Companies Fresh Start Scheme, 2020 (“Company Scheme”). The Company Scheme enabled companies to comply with all their previous defaults and pending filings and to provide immunity to companies in relation to prosecution or proceeding for imposing an additional penalty. The Company Scheme came into force on 1<sup>st</sup> April, 2020 and was valid till 30<sup>th</sup> September, 2020. The MCA has now extended the Companies Scheme till 31<sup>st</sup> December, 2020.

#### **2. Limited Liability Partnership (“LLP”) Fresh Start Scheme, 2020**

The MCA had introduced the LLP Fresh Start Scheme, 2020 (“LLP Scheme”) which enabled all LLPs to comply with all their previous defaults and pending filings. The LLP Scheme permitted defaulting LLPs to file belated documents and make good the default. The LLP Scheme came into force on 1<sup>st</sup> April, 2020 and was valid till 30<sup>th</sup> September, 2020. The MCA has now extended the LLP Scheme till 31<sup>st</sup> December, 2020.

#### **3. Forms related to charges under the Act**

The MCA had introduced a scheme granting an extension for filing certain forms relating to creation or modification of charges, up to 30 September 2020. The MCA has now extended the said scheme till 31 December 2020.

#### **4. Clarification on passing of ordinary and special resolutions by companies under the Act**

The MCA had issued circulars from time to time facilitating companies to pass the requisite ordinary and/or special resolutions through video conferencing (“VC”) or any other audio visual means (“OAVM”) under the Act and rules made thereunder, so as to avoid convening of physical general meetings for business of urgent nature. The said circulars which permitted a company to conduct an extra ordinary general meeting for business of urgent nature were valid till 30<sup>th</sup> September, 2020. The MCA has now extended and allowed the companies to conduct extraordinary general meetings through VC or OAVM up to 31<sup>st</sup> December, 2020 in accordance with the said circulars.

The above measures show the constant endeavour of the MCA to ensure smooth functioning and boost the growth of the companies by granting relaxations in relation to compliances bearing in mind the difficulties faced and representations filed by the stakeholders while not compromising the stakeholder’s interest.

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