



Lok Sabha passes Companies (Amendment) Act, 2020.

The Companies (Amendment) Act, 2020, was passed by Lok Sabha through voice vote. Around 48 sections of the Companies Act, 2013 will be amended to decriminalize various offences. Speaking on the bill, Finance and Corporate Affairs Minister Nirmala Sitharaman said decriminalization of various provisions under the companies law will also help small companies by reducing the litigation burden on them.

Here are some major changes introduced in the Companies Act:

- **Changes to offenses:** The bill removes the penalty, imprisonment for certain offenses, and reduces the amount of fine payable in certain cases. Under the Act, one-person companies or small companies are only liable to pay up to 50% of the penalty for certain offences.
- **Exclusion from listed companies:** The Bill empowers the Centre in consultation with the SEBI, to exclude companies issuing

specified classes of securities from the definition of a “listed company” mainly for listing of debt securities.

- **Exemptions from filing resolutions (Section 117):** Act extends exemptions to certain classes of non-banking financial companies and housing finance companies from filing certain resolutions under section 117.
- **Companies Social Responsibilities (Section 135 CSR):** The Bill exempts companies with a CSR liability of up to Rs 50 lakh a year from setting up CSR Committees.
- **Benches of NCLAT:** The Bill seeks to establish benches of the National Company Law Appellate Tribunal in New Delhi.
- **Direct listing in foreign jurisdictions:** The Bill empowers the central government to allow certain classes of public companies to list classes of securities in foreign jurisdictions.

- **Remuneration to non-executive directors (Section 197):** The Act makes special provisions for payment of remuneration to non-executive directors of a company (including managing director and other whole-time directors) if the company has inadequate or no profits in a year.
- **Periodical financial results (Section 129A):** The Central Government shall require such class or classes of companies to a) Prepare periodical financial results, b) Obtain approval of the Board of Directors, c) Complete limited review of such periodical financial results, d) File a copy with the ROC within 30 days of completion of the relevant period.

[Click here for Companies Amendment Act, 2020 notified by Ministry of Corporate Affairs.](#)

Sources: Companies (Amendment) Act, 2020 dated 28.09.2020

MCA extended time for filing of forms related to creation and modification of charges.

In continuation to the General Circular No.23/2020 dated 17.06.2020, MCA further extended time for filing of forms related to creation and modification of charges till 31.12.2020.

[Click here for circular issued by Ministry of Corporate Affairs.](#)

Sources: MCA circular dated 28.09.2020

Extension of period for holding EGM through video conferences (VC) and other Audio-visual means.

Further to the general circular no. 22/2020 dated 15.06.2020, MCA has further decided to allow companies to conduct their Extra Ordinary General Meetings (EGMs) through Video Conferencing (VC) and Other Audio Visual Means (OAVM) or transact items through postal ballot upto 31st December, 2020.

[Click here for circular issued by Ministry of Corporate Affairs.](#)

Sources: MCA circular No. 33/2020 dated 28.09.2020

MCA has further extended time for filing of various forms under CFSS and LLP Settlement scheme.

In view of the large scale disruption caused by the **COVID-19** Pandemic and after due examination, Ministry of Corporate Affairs has decided to extend the Companies fresh start scheme (CFSS) and LLP Settlement Scheme, 2020 till 31.12.2020.

[Click here for circular issued by Ministry of Corporate Affairs for CFSS.](#)

[Click here for circular issued by Ministry of Corporate Affairs for LLPs.](#)

Sources: MCA circular No. 30/2020 & 31/2020 dated 28.09.2020

Contact details:

Head office

75/7 Rajpur Road, Dehradun
T +91.135.2743283, 2747084, 2742026
F +91.135.2740186
E info@vkalra.com
W www.vkalra.com

Branch office

80/28 Malviya Nagar, New Delhi
E info@vkalra.com
W www.vkalra.com

For any further assistance contact our team at kmt@vkalra.com

© 2020 Verendra Kalra & co. All rights reserved.

This publication contains information in summary form and is therefore intended for general guidance only. It is not a substitute for detailed research or the exercise of professional judgment. Neither VKC nor any member can accept any responsibility for loss occasioned to any person acting or refraining from actions as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.