

September 2022

# Communiqué

Corporate and related laws





## Inside this edition

- **Amendment in the notification pertaining to application for Fast Track Corporate Insolvency Resolution Process**
- **The Companies (Specification of Definition Details) Amendment Rules, 2022 (September 15, 2022)**
- **The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 (September 20, 2022)**
- **MCA clarification on rounding up of figures appearing in the Financial Statements as per schedule III**
- **Extension of time for filing e-form DIR-3-KYC and web-form DIR-3-KYC-WEB without late fee**
- **MCA crackdown on Chinese shell companies in India**





### **Amendment in the notification pertaining to application for Fast Track Corporate Insolvency Resolution Process**

The Ministry of Corporate Affairs (MCA) vide its notification dated August 30, 2022, has notified the amendment in the notification no. S.O. 1911(E) dated June 14, 2017. As per the amendment, an application for fast-track corporate insolvency resolution process may be made in respect of the following corporate debtors, namely:

- a small company as defined under clause (85) of section 2 of Companies Act, 2013; or
- a Startup (other than the partnership firm) as defined in the notification of the Government of India in the Ministry of Commerce and Industry number G.S.R. 127(E), dated the 19th of February 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 19th of February 2019 and as amended from time to time; or
- an unlisted company with total assets, as reported in the financial statement of the immediately preceding financial year, not exceeding rupees one crore.



### **The Companies (Specification of Definition Details) Amendment Rules, 2022 (September 15, 2022)**

The Ministry of Corporate Affairs (MCA) vide its notification dated September 15, 2022, has notified "the Companies (Specification of Definition Details) Amendment Rules, 2022". According to the amendment the definition of Small Company is modified as under:

"For the purposes of Section 2(85)(i) and (ii) of the Companies Act, 2013, the paid-up capital and turnover of the small company shall not exceed rupees four crore and rupees forty crore respectively."



### **The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 (September 20, 2022)**

The Ministry of Corporate Affairs (MCA) vide its notification dated September 20, 2022 has notified "the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022". According to the amendment the proviso to rule 3(1) has been inserted stating that, a company having any amount in its Unspent Corporate Social Responsibility Account as per section 135(6) shall constitute a CSR Committee and comply with the provisions contained in sub-sections (2) to (6) of the said section." Earlier, company ceases to be a company covered under Section 135(1) still require to constitute CSR committee and comply the provision of sub section (2) to (6) of the said section for three consecutive years.

In case of CSR implementation, the Board shall ensure that the CSR activities are undertaken by the company itself or through a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, established by the company, either singly or along with any other company; or a company as mentioned above is having an established track record of at least three years in undertaking similar activities.

Further, a Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher; and the format for the annual report on CSR activities to be included in the board's report for financial year commencing on or after the 1st day of April, 2020 has been substituted.





### **MCA clarification on rounding up of figures appearing in the Financial Statements as per schedule III**

Amendment to Schedule III to the Companies Act, 2013 vide MCA Notification GSR. 207(E) dated 24th March 2021 mandates companies to round off the figures appearing in the Financial Statements depending upon their total income. However, if the companies provide absolute figures in E-forms i.e., AOC-4, the same shall not be treated as incorrect certification by the Professionals.



### **Extension of time for filing e-form DIR-3-KYC and web-form DIR-3-KYC-WEB without late fee**

On receipt of representation to Ministry of Corporate Affairs (MCA) for extension of time beyond 30.09.2022 for filing e-form DIR-3-KYC and web-Form DIR-3-KYC-WEB without payment of fee. The MCA on examination of the matter, has decided to allow filing of e-form DIR-3-KYC and web-Form DIR-3-KYC-WEB without filing fee upto October 15, 2022.



### **MCA crackdown on Chinese shell companies in India**

After the simultaneous search and seizure operations conducted by the Ministry of Corporate Affairs on 8th Sept. 2022, on the offices of Jillian Consultants India Private Limited, a wholly owned subsidiary of Jillian Hong Kong Limited., at Gurgaon, Fininty Pvt Limited at Bangalore and Husys Consulting Limited, an erstwhile listed company at Hyderabad, the Serious Fraud Investigation Office (SFIO) has arrested Mr Dortse.

Mr Dortse is on the Board of Jillian India Limited and has clearly emerged as the mastermind of the whole racket of incorporating large number of shell companies with Chinese links in India and providing dummy Directors on their Boards.

The arrested person Mr. Dortse had shown himself to be a resident of Mandi in Himachal Pradesh as per the records filed with the Registrar of Companies. Evidence procured during the enquiry by ROC Delhi and the simultaneous search operations clearly points to dummy Directors being paid by Jillian India Limited to act as dummies in several shell companies. Boxes filled with company seals and digital signatures of dummy directors have been recovered from the site. The Indian employees were in touch with the Chinese counterparts through a Chinese instant messaging app. Husys Limited were also found to be acting on behalf of Jillian India Limited. Initial observations reveal that Husys Limited had a pact with Jillian Hong Kong Ltd. Investigations so far have revealed the possible involvement of these shell companies in serious financial crimes detrimental to the financial security of the country.





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