



MCA & SEBI grant certain relaxations due to resurgence of COVID-19 pandemic

INSIGHTS

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Dear Reader

In view of the resurgence of COVID-19 pandemic, MCA and SEBI have granted following relaxations:

- Gap between two board meetings extended under the Companies Act, 2013 (**CA2013**);
- Relaxation of provisions relating to payment of additional fees for delayed filings under CA2013 and Limited Liability Partnership Act, 2008 (**LLP Act**);
- Relaxation of time for filing forms related to creation or modification of charge (form No. CHG-1/ form No. CHG-9);
- Relaxation in timelines for debenture trustees from submission of certain reports/ certificates to stock exchanges, disclosure on the website of the company and reporting of regulatory compliance.

Analysis of key changes is provided below:

A. Relaxations under CA2013 and LLP Act

<p>Gap between two board meetings</p>	<p>Gap between two consecutive meeting of the board may extend to 180 days during the quarters: April to June 2021 and July to September 2021, instead of 120 days as required under Section 173 of CA2013,.</p>			<p>MCA General Circular no. 08/2021 dated May 3, 2021 (available here)</p>
<p>Relaxation of provisions relating to payment of additional fees</p>	<p>All forms required to be filed under CA2013 and LLP Act which were or would be due for filing during April 1, 2021 to May 31, 2021 (other than Form CHG-1, Form CHG-4 and Form CHG-9), can now be filed by companies/ LLP without any additional fees till July 31, 2021.</p>			<p>MCA General Circular No. 06/2021 dated May 3, 2021 (available here)</p>
<p>Relaxation of time for filing forms related to creation or modification of charge (form No. CHG-1/ form No. CHG-9)</p>	<p>Applicability</p> <p>The date of creation/ modification of charge is before April 1, 2021 but the timeline for filing such form had not expired under Section 77 of CA2013 as on April 1, 2021</p>	<p>Relaxation of time</p> <p>The period from April 1, 2021 to May 31, 2021 will not be reckoned for the purpose of counting the number of days under Section 77 and 78 of CA2013. In case the form is not filed within such period, the first day after March 31, 2021 shall be reckoned as June 1, 2021 for the purpose of counting the number of days within which the form is required to be filed under Section 77 and/or Section 78 of CA2013</p>	<p>Applicable fees</p> <p>If the form is filed on or before May 31, 2021, the fee payable as on March 31, 2021 for the said form shall be applicable.</p> <p>If the form is filed thereafter, the fee will be charged after adding the number of days beginning from June 1, 2021 and ending on the date of filing plus the time period lapsed from the creation of charge till March 31, 2021.</p>	<p>MCA General Circular No. 07/2021 dated May 3, 2021 (available here)</p>

	<p>The date of creation/ modification of charge falls on any date between April 1, 2021 to May 31, 2021 (both dates inclusive)</p>	<p>The period beginning from the date of creation/ modification of charge to May 31, 2021 will not be reckoned for the purpose of counting the number of days under Section 77 or Section 78 of CA2013. In case the form is not filed within such period, the first day after the date of creation/ modification of charge shall be reckoned as June 1, 2021 for the purpose of counting the number of days within which the form is required to be filed under Section 77 and/or 78 of CA2013</p>	<p>If the form is filed before May 31, 2021, normal fees shall be payable.</p> <p>If the form is filed thereafter, the first day after the date of creation/ modification of charge shall be reckoned as June 1, 2021 and the number of days till the date of filing of the form shall be counted accordingly for the purpose of payment of fees.</p>	
<p>The relaxation is not applicable in following cases:</p> <ul style="list-style-type: none"> ▪ Form already filed before May 3, 2021; ▪ Timeline for filing has already expired under Section 77 / Section 78 prior to April 1, 2021; ▪ Timeline for filing expires at a future date, despite exclusion of timeline provided above; ▪ Filing of Form CHG-4 for satisfaction of charge. 				

B. Relaxation from compliance for debenture trustees

SEBI had vide Circular dated November 12, 2020 ([available here](#)) (DT Circular) laid down certain periodic compliances to be undertaken by debenture trustees in discharge of its obligations with respect to listed debt securities. SEBI has now granted following relaxations under the DT Circular for the quarter/ half year/ year ending on March 31, 2021:

Sr. No.	Requirement under DT Circular	Extended Timeline
1.	Submission of reports/certifications to Stock Exchanges as per clause 2.1 of DT Circular	July 15, 2021
2.	<p>Following disclosures on website as per Clause 4 of DT Circular:</p> <ul style="list-style-type: none"> ▪ Monitoring of asset cover certificate and quarterly compliance report of the listed entity. ▪ Monitoring of utilization certificate ▪ Status of information regarding breach of covenants/terms of the issue, if any action taken by debenture trustee ▪ Status regarding maintenance of accounts maintained under supervision of debenture trustee 	July 15, 2021
3.	Reporting of regulatory compliance as per clause 5 of DT Circular	May 31, 2021

The aforesaid relaxations have been granted under SEBI Circular dated May 3, 2021 ([available here](#)).

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