

Amendments in Companies (Acceptance of Deposits) Rules, 2014

The Ministry of Corporate Affairs (MCA) has issued notification on 31st March, 2015 amending certain provisions of the Companies (Acceptance of Deposits) Rules, 2014.

The amendments are summarized below:

1) Time limit given upto 1st June 2015 to comply with requirement for subscription money received prior to 1st April 2014 and outstanding as on 31st March 2015

As per Companies (Acceptance of Deposits) Rules, 2014 which are effective from 1st April 2014, deposits includes amount received towards subscription to any securities against which the Company has not allotted securities within 60 days from date of receipt of such amount or fails to refund such amount within 15 days from the date of completion of sixty days.

However, there was no clarity in respect of subscription money received prior to 1st April 2014.

MCA has now amended the aforesaid Rules wherein it is stated that unless otherwise required under the Companies Act, 1956 or the SEBI Act, 1992 to allot any share, stock, bond or debentures within a specified period, if a Company had received any amount by way of subscriptions to any shares, stock, bonds or debentures before 1st April 2014 and which is disclosed in the balance sheet for the financial year ending on or before 31st March, 2014 against which the allotment is pending on 31st March, 2015, the Company shall, by 1st June 2015, either (i) return such amounts to the persons from whom these was received or (ii) allot the securities or (iii) comply with the deposit rules.

2) The word ‘property’ replaced with ‘immovable property’

As per Companies (Acceptance of Deposits) Rules, 2014, amount received in the course of or for the purpose of business as advance in connection with property under an agreement or arrangement, was not considered as deposit provided such advance is adjusted against the property in accordance with the terms of agreement or arrangement.

Now, as per the amended rules the word “property” has been replaced with “immovable property”.

3) **New rule added in respect to comply requirement of credit ratings**

As per Section 73 (2), credit rating was required to be obtained by the companies however no corresponding rules were specified. As per the amended rules, eligible company shall obtain, at least once in a year, credit rating for deposits accepted by the company and also copy of rating shall be sent to the Registrar of Companies along with the return of deposits in Form DPT-3.

The details of credit rating agencies and minimum ratings have also been specified in the rules.

Form DPT-3 for the return of deposits has been substituted with a new form to include the details of credit rating obtained.

4) **Extension for deposit insurance requirement**

MCA vide its notification issued on 6th June, 2014 had granted relief to the companies for acceptance of deposits without deposit insurance contract upto 31st March, 2015. The said relief has been extended upto 31st March, 2016 or till the availability of a deposit insurance product, whichever is earlier.

Disclaimer:

This document has been prepared as a service to the clients. We recommend you to seek professional advice before taking any action on the specific issues.

In case of any clarification, you may reach us at nashah@nashah.com