

The Ministry of Corporate Affairs (MCA) has by notification dated 15th September, 2015 given relaxations / exemptions to private companies [subject to certain criteria] in respect of acceptance of deposits.

The notification shall come into force on the date of its publication in Official Gazette.

Existing provision	Exemptions / Modifications / Adaptations as per notification issued on 15 th September 2015	Our comments / views
Companies (Acceptance of Deposit) Rules, 2014 [Rule 2(1)(c)(viii)]		
Any amount received from a person who at the time of receipt of amount, was <ul style="list-style-type: none"> • a director of the company shall not be covered under the definition of deposits. Provided the director furnishes a declaration that the amount is not being given out of funds acquired by him / her by borrowing or accepting loans or deposits from others.	Any amount received from a person who at the time of receipt of amount, was <ul style="list-style-type: none"> • a director of the company, or • a relative of the director of the private company shall not be covered under definition of deposits. Provided that the director or relative of the director of the private company, as the case may be, furnishes a declaration to the	This would provide relief to private companies as amount received from relatives of the director would not be covered under definition of deposits subject to certain conditions and remove many procedural / compliance requirements u/s 73.

Existing provision	Exemptions / Modifications / Adaptations as per notification issued on 15 th September 2015	Our comments / views
	<p>company at the time of giving money that the amount is not being given out of funds acquired by the director or relative of the director by borrowing or accepting loans or deposits from others and the company shall disclose the details of money so accepted in the Board's report.</p>	
<p>Companies (Acceptance of Deposit) Rules,2014 [Rule 3]</p>		
<p>For the purpose of calculating limit of acceptance of deposit from members and public, the following shall be taken into consideration:</p> <ul style="list-style-type: none"> • Paid-up share capital • Free reserves 	<p>Securities premium account will also be considered along with paid-up share capital and free reserves for the purpose of calculating the limit of acceptance of deposit.</p>	<p>This is a welcome change and it would increase the limit upto which companies can accept deposit.</p>

The notification is available on: [link](#)



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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.