

30<sup>th</sup> September, 2020

### **Amendment in Companies (Acceptance of Deposit) Rules, 2014**

Deposit includes any receipt of money by way of deposit or loan or in any other form by a Company, but does not include, amongst others as provided in Clause (c) of sub-rule 1 of Rule 2 of Companies (Acceptance of Deposit) Rules, 2014, an amount of Rs. 25 lakhs or more, received by a start-up company, by way of a **Convertible Note\*** {convertible into equity shares or repayable within a period not exceeding 10 years (earlier 5 years) from the date of issue} in a single tranche, from a person.

***\*Whereas, Convertible Note is a kind of instrument which provides right to its holder either to get repayment as of a debt or gets converted into equity on fulfilment of certain conditions.***

No company referred to in sub-section (2) of section 73 shall accept or renew any deposit from its members, if the amount of such deposits together with the amount of other deposits outstanding as on the date of acceptance or renewal of such deposits exceed 35% of the aggregate of the Paid-up share capital, free Reserves and securities premium account of the company.

Provided further that the maximum limit in respect of deposits to be accepted from members shall not apply to following classes of private companies, namely a private company which is a start-up, for ten years from the date of its incorporation.

[http://mca.gov.in/Ministry/pdf/Rule\\_08092020.pdf](http://mca.gov.in/Ministry/pdf/Rule_08092020.pdf)

### **Import of all iron and steel items need compulsory registration under SIMS**

Director General of Foreign Trade vide its notification No. 33/2015-2020 dated 28<sup>th</sup> September 2020 made it mandatory for traders to register themselves with the Steel Import Monitoring System (SIMS) to import all iron and steel products. Imports under all HS Codes of Chapter 72, 73 and 86 of ITC (HS) 2017 shall now require compulsory registration under the Steel Import Monitoring System (SIMS).

<https://content.dgft.gov.in/Website/dgftprod/cc599109-72a1-4eae-b554-a2bee801fd42/Notification%2033%20english.pdf>

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### **“Best before date” on Sweet Shop’s non-packaged/ loose sweets now mandatory**

Now, your neighborhood sweet shop will need to declare “**Best before date**” of their offerings on the boxes. The Food Safety and Standards Authority of India (FSSAI) has vide its order dated 25<sup>th</sup> September 2020, mandated display of “**Best before date**” in case of non-packaged/ loose sweets, the container, tray holding sweets at the outlet for sale with effect from 1<sup>st</sup> October, 2020.

In addition to this Food Business Operator (FBO) can also display “**Date of manufacturing**” which shall be voluntary and non-binding.

[https://www.fssai.gov.in/upload/advisories/2020/09/5f6ddbe03942eOrder\\_Direction\\_Date\\_Sweets\\_25\\_09\\_2020.pdf](https://www.fssai.gov.in/upload/advisories/2020/09/5f6ddbe03942eOrder_Direction_Date_Sweets_25_09_2020.pdf)

### **IBBI notifies amendment in Section 10A of Insolvency and Bankruptcy Code, 2016**

The Ministry of Corporate Affairs has further extended the non-availability of Section 7, 9 and 10 of IBC, 2016 for another period of three months from the September 25, 2020 up to December 25, 2020.

Thus, no insolvency proceedings can be initiated against any borrower for defaults arising on or after March 25, 2020, until such time that the said provisions under IBC remain suspended.

Further, no application shall be filed for initiation of Corporate Insolvency Resolution Process of a Corporate Debtor for the said default occurring during the said period.

<https://ibbi.gov.in/uploads/legalframework/2987e1e33d62d2e1781c700ee16baa36.pdf>

### **Govt permits up to 74% FDI under automatic route in Defense sector**

The Department for Promotion of Industry and Internal Trade (DPIIT) on 17<sup>th</sup> September, 2020 issued a press note permitting foreign direct investment (FDI) in defense production up to 74 per cent through the automatic route from previous pre-approved threshold of 49 per cent for Companies seeking new industrial licenses and for other Companies already having Government approval for FDI in defense it will remain same as earlier. This would be subject to access to modern technology or for 'other reasons' that needs to be recorded.

However, foreign investments in the defense sector would be subject to scrutiny on the grounds of national security and the government reserves the right to review any foreign investment in the sector that affects or may affect national security, the Department for Promotion of Industry and Internal Trade (DPIIT) said in the note.

[https://dipp.gov.in/sites/default/files/pn4-2020\\_0.PDF](https://dipp.gov.in/sites/default/files/pn4-2020_0.PDF)

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