

Circular No. 5 / 2015 dated 30th March 2015 by MCA

Amount received by private companies from their members, directors or their relatives before 1st April, 2014 – Clarification regarding applicability of Companies (Acceptance of Deposits) Rules, 2014

MCA has vide General Circular No. 5/ 2015 dated March 30, 2015 clarified a long awaited clarification that the amounts received by private companies from their members, directors or their relatives prior to 1st April, 2014 **shall not be treated as 'Deposits'** under the Companies Act, 2013 (CA 13) and Companies (Acceptance of Deposits) Rules, 2014 **subject to the condition** that relevant private company shall disclose, in the notes to its financial statement for the financial year commencing on or after 1st April, 2014 the figure of such amounts and the accounting head in which such amounts have been shown in the financial statement.

However any renewal or acceptance of fresh deposits on or after 1st April, 2014 shall be in accordance with the provisions of Companies Act, 2013 and rules made there under.

This has come as a boon to many private limited companies who have accepted loan from the exempted category of people/ entities as per the Companies Act, 1956 . Now these companies are relieved from repayment of the same on or before 31st March 2015 as was afraid that it may be considered as Deposits as per Chapter V of CA 2013 .

They can continue to enjoy these loan till the term the same has been agreed upon .

Regards
Amita Desai & Co.
Company Secretaries
Mumbai- India
09820177691

DISCLAIMER :

The entire updates have been developed on the basis of relevant information available at the time of preparation and interpretation of various statutory provisions. The author of this document undertook utmost care to disseminate the true and correct view, but due to various intricacies involved in the preparation of documents these updates shall not be construed as a legal opinion and not to be used for rendering any professional advice.