

SPECIAL MEASURES TAKEN BY THE MINISTRY OF CORPORATE AFFAIRS TO REDUCE COMPLIANCE BURDEN IN VIEW OF COVID-19 OUTBREAK

In order to support and help the Companies and Limited Liability Partnerships in India to focus on taking measures to address the COVID-19 threat and revive themselves from economic disruptions caused by it, the Ministry of Corporate Affairs (**MCA**) has taken some measures by reducing certain compliances under the Companies Act, 2013 on the Corporates. The details of the reliefs provided by MCA are explained as under:

1. No additional fees shall be charged for late filing of any documents, return etc. with MCA during the period from April 01, 2020 to September 30, 2020.
2. The requirement of holding board meetings within prescribed interval of 120 days, stands extended by a period of 60 days till next two quarters i.e., till 30th September. Accordingly, as a one-time relaxation the maximum gap between 2 consecutive board meetings may extend upto 180 days, till September 30, 2020.
3. The Companies (Auditor's Report) Order, 2020 shall now be applicable from the financial year 2020-2021 instead of 2019-2020. Please note that the aforesaid order requires auditors of every private limited companies not being a subsidiary or holding company of a public company, falling within the thresholds provided below, to provide a statement including *inter alia* relating to maintaining proper records of assets, physical verification of inventory, investment made by the company etc.

The aforesaid order is applicable on the private limited companies having a paid up capital and reserves and surplus not more than INR One Crore (INR 10 Million) as on the balance sheet date and which does not have total borrowings exceeding INR One Crore (INR 10 Million) from any bank or financial institution at any point of time during the financial year.



Manish Kumar Sharma

Partner

E: manish@singhania.in

4. In case the independent directors could not hold their meeting during the financial year 2019-2020, the same shall not be treated as non-compliance or violation of the Companies Act, 2013.
5. Requirement of creating the deposit repayment reserve under section 73(2)(c) of the Companies Act, 2013 for the financial year 2020-2021 on or before April 30, 2020 has been extended till June 30, 2020. The aforesaid requirement is applicable on the companies accepting deposits from its members after obtaining the approval from its shareholders. It includes depositing the amount which shall not be less than 20% of the amount of its deposits maturing during the following financial year and to be kept in a scheduled bank account separately to be called deposit repayment reserve account.
6. Requirement of investing or depositing certain amount of debentures maturing in specified methods of investments or deposits as per rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 on or before April 30, 2020 has been extended till June 30, 2020.
7. Every newly incorporated companies are required to file a declaration in form INC-20A within 180 days from the date of its incorporation stating that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him. MCA has now provided an additional time limit of 180 days for filing of the aforesaid declaration. It means all the newly incorporated companies can file form INC-20A within a period of 360 days from the date of its incorporation.
8. Requirement of having at least one director in a company qualifying as resident in India as per section 149(3) of the Companies Act, 2013 has been waived off for the financial year 2019-2020. It means in case any company fails to have at least one resident director on its Board of directors during the financial year 2019-2020 then the same shall not be treated as non-compliance.

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