

COVID CIRCULAR

MCA

CIRCULAR DATE | 24 MARCH 2020

APPLICABLE TO

All Regional Directors,
All Registrar of Companies,
All Stakeholders

SUBJECT OF THE CIRCULAR

Special Measures under Companies Act, 2013 and LLP Act, 2008

1. Additional Fees

No additional fees shall be charged for late filing during a moratorium period from 01st April to 30th September 2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date, which will not only reduce the compliance burden, including financial burden of companies/ LLPs at large, but also enable long-standing noncompliant companies/ LLPs to make a 'fresh start'.

2. Holding of Board Meetings

The mandatory requirement of holding meetings of the Board of the companies within the intervals provided in section 173 of the Companies Act, 2013 (CA13) (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 gap between two consecutive meetings of the Board may extend to 180 days till the next two quarters, instead of 120 days as required in the CA-13.

3. CARO Report

The Companies (Auditor's Report) Order, 2020 shall be made applicable from the financial year 2020-2021 instead of being applicable from the financial year 2019-2020 notified earlier.

4. Holding of Meeting by Independent Directors

As per Para VII (1) of Schedule IV to the CA-13, Independent Directors (IDs) are required to hold at least one meeting without the attendance of Nonindependent directors and members of management. For the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. The IDs, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

5. Deposits

Requirement under section 73(2)(c) of CA-13 to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April 2020 shall be allowed to be complied with till 30th June 2020.

Further Extension

30th September, 2020 (19th June, 2020)

31st December, 2020 (29th September, 2020)

6. Debentures

Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30th April 2020, may be complied with till 30th June 2020.

7. Newly Incorporated Companies

Newly incorporated companies are required to file a declaration for Commencement of Business within '180 days of incorporation under section 10A of the CA-13. An additional period of 180 more days is allowed for this compliance.

8. Minimum Residency Criteria

Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the CA-2013 shall not be treated as a non-compliance for the financial year 2019-20.