



Finance Minister announces several relief measures relating to Corporate and Insolvency laws amid coronavirus scares.

Yesterday on 24.03.2020 our honorable Finance Minister Nirmala Sitharaman has made some major announcements to revive the ailing economy which has been hit hard by the coronavirus outbreak in the country. She addressed a press conference on various statutory and regulatory compliance matters amid a lockdown in the country due to the rapid spread of COVID-19 pandemic.

Here are some key announcement made in relation to Corporate and Insolvency Law:

- 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

non-compliant companies/ LLPs to make a 'fresh start.

- The mandatory requirement of holding meetings of the Board of the companies within prescribed interval provided under Section 173 of Companies Act, 2013 (120 days), 2013, shall be 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.
- Applicability of Companies (Auditor's Report) Order, 2020 shall be made applicable from the financial year 2020-2021 instead of from 2019-2020 notified earlier. This will significantly ease the burden on companies & their auditors for the year 2019-20.
- As per Schedule 4 to the Companies Act, 2013, Independent Directors are required to hold at least one meeting without the

attendance of Non-independent directors and members of management. For the year 2019-20, if the IDs of a company have not been able to hold even one meeting, the same shall not be viewed as a violation.

- Requirement to create a Deposit 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.
- Requirement to invest 15% of debentures maturing during a particular year in specified instruments before 30th April 2020, may be done so before 30th June 2020.
- Newly incorporated companies are required to file a declaration for Commencement of Business within 6 months of incorporation. An additional time of 6 more months shall be allowed.
- 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 Companies Act, shall not be treated as a violation.
- Due to the emerging financial distress faced by most companies on account of the large-scale economic distress caused by COVID 19, it has been decided to raise the threshold of default under section 4 of the IBC 2016 to Rs 1 crore (from the

existing threshold of Rs 1 lakh). This will by and large prevent triggering of insolvency proceedings against MSMEs. If the current situation continues beyond 30th of April 2020, we may consider suspending section 7, 9 and 10 of the IBC 2016 for a period of 6 months so as to stop companies at large from being forced into insolvency proceedings in such force majeure causes of default.

[Detailed Notification of MCA can be found at the following link.](#)

Sources: MCA notification dated 24.03.2020 & announcement made by honorable Finance Minister on 24.03.2020

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