

March 26, 2020

### Special Measures under Companies Act, 2013 and Limited Liability Partnership Act, 2008 proposed by Ministry of Corporate Affairs (MCA) & SEBI for COVID-19

**Note to reader:** The MCA has provided special measures to support Companies and Limited Liability Partnership Firms (“LLPs”) during the COVID-19 period. These measures as provided below shall reduce the Compliance burden and financial burden on all Companies and LLPs.

The government’s stance on the measures to deal with COVID-19 are evolving everyday as the situation develops very fast. The details set out below are therefore subject to change. The link of the circular can be viewed here [http://www.mca.gov.in/Ministry/pdf/Circular\\_25032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular_25032020.pdf)

No.	Measure	Details
1.	No additional late filing fees for eForm filed during April 1, 2020 – September 30, 2020	<p>(a) A moratorium period from April 1, 2020 to September 30, 2020 (“<b>Moratorium Period</b>”) has been announced by the MCA for filing pending eForms, document, return, statement etc., by Companies and LLPs.</p> <p>(b) During this Moratorium Period, the Companies or LLPs are permitted to file eForms, eForms, document, return, statement etc. with the MCA after due date without payment of additional late filing fees.</p> <p>(c) This may mean that the Companies or LLPs may be able to complete all pending filings during the Moratorium Period.</p> <p>(d) The manner and detailed requirements of making these filings during Moratorium Period shall be separately issued by MCA.</p>
2.	Gap between two consecutive board meetings extended to 180 days	<p>(a) Indian Companies are required to convene at least 4 board meetings every year in such a manner that not more than <b>120 days</b> shall intervene between two consecutive board meetings.</p> <p>(b) The gap between two consecutive board meetings convened during the next 2 quarters, i.e. upto September 30, 2020 have now been extended to 180 days instead of 120 days. For example if the board meeting of the Company is due to be held by March 31, 2020, the same can be held by May 30, 2020. However, the MCA has not relaxed the number of board meetings to be convened in each year.</p>
3.	Applicability of Companies (Auditor's Report) Order, 2020 from FY 2020-21	<p>(a) The Companies (Auditor's Report) Order, 2020 (“<b>CARO 2020</b>”) was notified by the MCA on February 25, 2020 in supersession of the Companies (Auditor's Report) Order, 2016 (“<b>CARO 2016</b>”). CARO 2020 was originally applicable for statutory audits for the Financial Year 2019-20.</p> <p>(b) The applicability of CARO 2020 is now applicable for statutory audit of Financial Year 2020-21 onwards and CARO 2016 continues to apply for statutory audits for Financial Year 2019-20.</p>

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No.	Measure	Details
4.	Relaxation of holding a meeting of Independent Directors in FY 2019-20	<p>(a) The independent directors of Companies are required to hold at least 1 (one) meeting in each financial year for review, assessment and evaluation of the independent directors, etc.</p> <p>(b) For the Financial Year 2019-20 the requirement of holding 1 (one) board meeting by independent directors of the Company is waived off i.e. the Company is deemed to have complied with this requirement, even if the independent directors have not been able to hold such a meeting during Financial Year 2019-20.</p> <p>(c) However, the independent directors, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.</p>
5.	Extension of period for creation of Deposit Repayment Reserve till June 30, 2020	<p>(a) Indian Companies that have accepted deposits from its members are required to deposit an amount not be less than 20% of the amount of its deposits maturing during that financial year by April 30 of each year, in a separate bank account called 'Deposit Repayment Reserve Account' with a scheduled bank.</p> <p>(b) This period has been extended till June 30, 2020 i.e. the companies (who has accepted deposit) can deposit 20% of the amount of its deposits maturing during that financial year 2019-20, in 'Deposit Repayment Reserve Account' by June 30, 2020.</p>
6.	Extension of period for investment/ deposit of amounts in lieu of maturing debentures till June 30, 2020	<p>(a) Indian Companies that have issued secured debentures (other than those specifically exempted) are required to invest or deposit (in the manner prescribed) by April 30 of each year, an amount not be less than 15% of the amount of its debentures maturing during that financial year.</p> <p>(b) This period has been extended till June 30, 2020 i.e. the companies (who has issued secured debentures) can deposit 15% of the amount of debentures maturing in Financial Year 2020-21 have to be invested/deposited on or before June 30, 2020.</p>
7.	Extension of filing of eForm INC-20A by newly incorporated companies by additional 180 days	<p>(c) Every newly incorporated Indian Company is required to file a declaration in eForm INC-20A with the Registrar within 180 days of the date of incorporation stating that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of such declaration.</p> <p>(d) An additional 180 days have been provided to make this filing, therefore this filing can now be made within 360 days of the date of incorporation.</p>

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No.	Measure	Details
8.	Relaxation of having at least 1 resident director in FY 2019-20	(a) Every Indian Company is required to have at least 1 director who stays in India for a total period of not less than 182 days during the financial year. (b) This requirement has been relaxed for the Financial Year 2019-20. Therefore, a Company is deemed to have complied with this requirement, even if no director was in India for 182 days or more during the Financial Year 2019-20.
9.	Voluntary filing of eForm CAR for compliance with WFH policy	(a) the MCA has deployed a web based eForm CAR (Company Affirmation of Readiness towards COVID-19) for filing by Indian companies/LLPs to confirm if they are in compliance of COVID-19 Guidelines including work from home policy. (b) This filing is voluntary and purely a confidence building measure to assess the readiness of the companies to deal with COVID-19 threat in India.
10.	CSR funds may be used for COVID-19 relief	(c) Addition to these special measures, The MCA have clarified that the expenditure for relief of COVID-19 shall be considered as expenditure toward CSR as activities constituting promotion of health care, including preventive health care and disaster management. (d) The Clarification can be viewed here: <a href="http://www.mca.gov.in/Ministry/pdf/Covid_23032020.pdf">http://www.mca.gov.in/Ministry/pdf/Covid_23032020.pdf</a>

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