

President CA Jigar Gogri
Vice President CA Rahul Nagda
Secretary CA Ameet Chheda
Jt. Secretary CA Jeenal Savla
Treasurer CA Vinit Gada



Established 1973

CVO Chartered & Cost Accountants' Association

31st August 2020

To
Shri Rajesh Verma, IAS
Secretary
Ministry of Corporate Affairs
Government of India
Shastri Bhawan
Dr. Rajendra Prasad Road
New Delhi – 110001
Email – secy.mca@nic.in

Respected Sir,

Sub: Representation for granting general extension of time for holding Annual General Meeting under Companies Act, 2013 for financial year ended March 31, 2020 and other related matters due to lockdown conditions in the Country

ABOUT C.V.O. CHARTERED & COST ACCOUNTANTS' ASSOCIATION (CVOCA)

C.V.O. Chartered and Cost Accountants' Association is a four decade old, non-profit professional organization established in 1973. It has acclaimed a premier position in society. Its objective is to disseminate knowledge in the field of Taxation, Accounting, Finance and Allied laws. It has membership strength of more than 1850 members. Members of the Association have acclaimed respectable position in the CA practice and industry where they serve. It also organizes general public awareness program. One of the flagship programs is on Union Budget, which is organized in Gujarati Language for general public. The Association also publishes monthly Newsletter which is called 'CVO CA News & Views'. Besides these activities Association also supports students who are pursuing CA, CS & CWA by providing them financial assistance in the form of scholarships and interest free loans.

BACKGROUND:

Due to the widespread of COVID-19 Pandemic and social distancing norms and consequential restrictions related thereto, Ministry of Corporate Affairs (MCA) had received several representations to allow companies to hold their **Annual General Meeting (AGM)** for the financial year ended on March 31, 2020 beyond the statutory period provided in section 96 of the Companies Act, 2013.

MCA vide General Circular no. 28/2020 dated August 17,2020 has issued clarification on extension of time for AGM for the financial year ended as at March 31, 2020 and clarified that the companies which are unable to hold their AGM for the financial year ended on March 31, 2020, ought to file applications in E-Form GNL-1 for seeking an extension of time for holding of AGM for the financial year ended on March 31, 2020, with the concerned Registrar of Companies on or before 29th September, 2020.



REPRESENTATION:

CVOCA appreciates and acknowledges the sincere efforts of the MCA and its sensitivity and promptness in providing relief and respite to companies, professionals, and citizens at large in these unprecedented COVID Pandemic times by providing various relaxations and extension of timelines for adherence of compliance requirements under Companies Act 2013.

Whole world is going through unprecedented times in facing the pandemic of Covid-19. The operations of Companies have been completely disrupted and disturbed due to the series of lockdowns declared since last week of March, 2020 and declarations of many districts as containment zones to contain the spread of coronavirus. Even post partial unlocking till date movement of people and commencement of economic activity remain significantly impaired. This has drastically hampered not just financial conditions but restrained activities supporting businesses including compliances, book-keeping and accounting by corporates and audit of secretarial records, cost records & financial statements of corporates by auditors.

Even though corporates switched to work from home models, but there are several aspects of financial book keeping for Corporates and essentially for audit of financial statements for AGM that require physical verification at multiple sites across states such as checking cash in hand, stock, assets etc. that could not be carried out due to curbs on movements of office staff. Also, Audit firms and the companies both are facing big challenge in conducting remote audits due to lack of infrastructure, technology and other support which entail extra costs.

There have been delay and restraints in providing and verification of information, records, data etc. for the Audit purposes, especially where key support staff members of the Company has got changed or shifted to native places or not available in view of COVID 19 Pandemic.

These challenges are preventing Companies from being able to prepare financial statements and get them audited by Chartered Accountants for financial audit, Company Secretary for secretarial audit and Cost Accountant(s) for Cost audits and fulfill other requirements for conducting the AGM. Considering the fact that certain restrictions would continue, public transport means largely remain suspended and businesses and their offices are working at one third staff capacity even as we approach the end of August, it may prove counterproductive to expect preparation of financial statements on such a tight schedule with due care. The timeline is even tighter as companies will need these documents ready latest by the first week of September, 2020 to ensure that a mandatory 21day notice can be given to Shareholders for the AGM to be held before 30th September, 2020.

Based on feedback from corporate community, We understand that general extension of time for holding Annual General Meeting will provide relief to companies and all stakeholders, boost morale and facilitate better compliance with ease of doing business.



The Ministry of Finance, Department of Income Tax, already extended due date of filing income tax returns under tax audit by one month till November 30, 2020. Ordinarily Tax return be filed after adoption of accounts in General Meeting. Companies have already scheduled work, data preparation, audits and compliances accordingly.

It may kindly be appreciated that considering the present situation and hardships still being faced by the companies, it may not be feasible for every company to file Form GNL-1 for seeking extension of time for holding AGM with concerned ROC on or before 29th September, 2020 due to limited resources available with MSME Corporates specifically struggling to ensure sustenance in these stressed times. The filing of form may also prove to be lengthy procedure as there is a requirement to pass a resolution through Board Meeting. Also, after passing resolution, the corporates need to file the form with ROC along with requisite fees (which ought to be avoidable in line with principle of "ease of doing business"). Any delay in filing or errors may lead to serious consequences which results from non-compliances including fines and prosecutions.

As such, expecting companies to hold board meetings, pay fees, submit applications, and await permission from the Registrar to postpone their AGM may not only increase risk of exposure of office staff to Corona Virus but may lead to exponential spread of Pandemic among communities.

With above-mentioned proposition, we expect that present COVID-19 situation would force about two-third of total companies likely to be seeking an extension of time to hold Annual General Meeting. Accordingly, about 6-8 Lakh forms will be required to be filed, examined and approved, assuming, all officers shall be sympathetic, liberal and will not seek further clarification. This would also put pressure on the ROC Infrastructure and resources to consider applications filed and grant approval and also supervise and initiate actions on non-compliance if this extension could not be sought by many companies. General extension relief by MCA would help save lakhs of precious man-hours of business community, professionals and Ministry as well which can be put to more productive activities to face COVID 19 Pandemic challenges.

CONCLUSION

Accordingly, it is kindly submitted that a general extension for the date of conducting AGMs may be considered so as to provide respite to all companies and all its stakeholders for the financial year 2019- 2020.

It would also ensure that AGM can take place after a due audit processes on accounts placed thereat which would reflect more accurately on the position of companies in a Post Corona virus scenario and will find the citizen-stakeholders better placed to support their life, fight against Covid 19 Pandemic in a larger public interest.

President CA Jigar Gogri
Vice President CA Rahul Nagda
Secretary CA Ameet Chheda
Jt. Secretary CA Jeenal Savla
Treasurer CA Vinit Gada



Established 1973
CVO Chartered & Cost Accountants' Association

Keeping in view the above-mentioned factors, we hope that you will find merit in considering granting general extension of time for holding AGM to all companies which will obviate need for filing GNL 1 application and wait for approval for the same.

We further submit that the above reflects the expectations of kind consideration by MCA in this regard by lakhs of companies, management, employees, and professionals such as Chartered Accountants, Company Secretaries and Cost Accountants. Your favourable consideration would surely promote the cherished vision and initiative of Prime Minister of 'Ease of Doing Business' with Minimum Government, Maximum Governance.

We wish to humbly present the case for your kind attention and immediate consideration.

We sincerely hope that the Government under the dynamic leadership of Hon'ble PM Shri Narendra Modi and Hon'ble FM Smt. Nirmala Sitharaman would provide the requisite reliefs being sought by the companies, professionals and other relevant stakeholders.

Thanking you,

Yours sincerely,



CA Jigar Gogri
President
CVO Chartered & Cost Accountant Association

CA Sanjay Chheda
Chairman
Publication & Representation Committee

CA Gautam Mota
Convenor

CC To

1. **Ms. Nirmala Sitharaman**
Honourable Finance Minister
Ministry of Finance,
134, North Block, Parliament Street,
New Delhi – 110 001