

A Bonanza from Ministry of Corporate Affairs Easy Exit Scheme, 2010



With a view to providing an easy exit to defunct Companies that are desirous of getting their name struck off from the records of the ROC, the Ministry of Corporate Affairs has come out with an Easy Exit Scheme, 2010 vide its General Circular No. 2 /2010 dated May 26, 2010.

“Defunct company” means a company registered under the Companies Act, 1956 which:

- ◆ is not carrying over any business activity or operation on or after 1st April, 2008
- ◆ Has not raised its paid up capital as provided in sub sections (3) and (4) of section 3 of the Companies Act,1956;

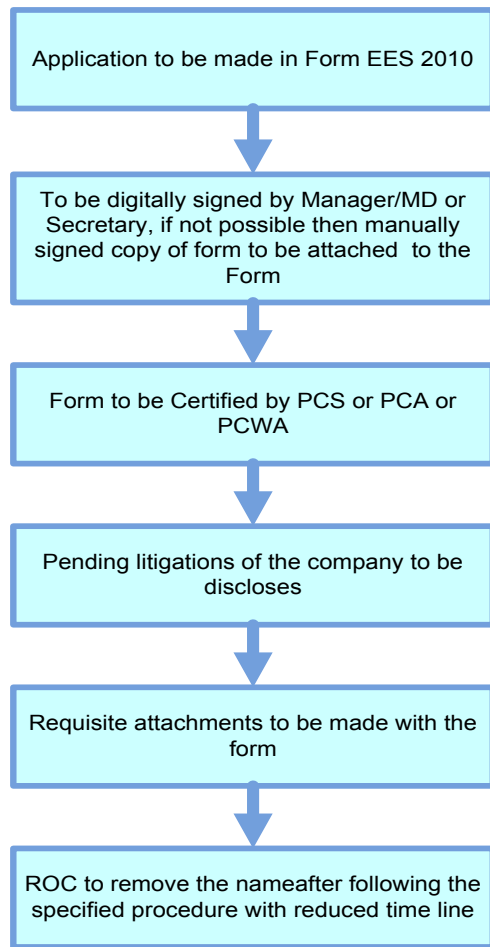
Highlights of the Scheme:

- ◆ Applicable on Defunct Companies which have active status or Defunct Government companies which can submit 'No Objection Certificate' from the relevant Ministry;

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- ◆ Not applicable on -
 - ◆ Listed companies,
 - ◆ Section 25 companies,
 - ◆ Vanishing companies,
 - ◆ Companies where inspection/ investigation is ordered,
 - ◆ Companies against which prosecution is pending in court,
 - ◆ Companies having pending dues towards income tax or sales tax or central excise or banks and financial institutions or any other Central Government or State Government Departments or authorities or any local authorities;
 - ◆ The scheme opens on 30-05-2010 and closes on 31-08-2010.

Procedure to be followed for granting 'Exit' to the Company



Benefits of the Schemes

For Operational Companies

- ◆ The delayed forms are not time barred i.e. even the oldest or the most recent document which has missed its due date would avail the benefit of reduced filing fee;
- ◆ Companies can avail immunity against any prosecution (whether or not appeal has been filed) pending against itself with reference to delayed or non filing of statutory forms or returns;
- ◆ The benefit of the scheme is extended to all the forms irrespective of the nature of additional fee charged on the same e.g. delayed filing Form 5 falls under the preview of the scheme.

For Non-Operational Companies

- ◆ Both the aforesaid schemes read together offers an opportunity to those non-operational companies which intend to come out of the structure of corporate entity. After filing of the pending documents at a reduced cost, the Companies can file for Easy Exit under this scheme and can avail dual benefit of reduced cost as well as reduced time lines in one go.

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