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Chairman`s Message



Happy Independence Day

Respected Professional Colleagues,

Every time I communicate with our esteemed members through this column, I find myself in great pleasure. Every time it energizes me. Every time it fills me with fresh delight. Though it sounds very prestigious and to a great extent it actually is, still I believe that unless you shoulder responsibility and share your dreams and plans with people you need to work and move on motivating them as a supreme office-bearer , nothing touches the ground. It is my pleasure that since being incumbent, I have been endeavouring hard to make this happen. Space between the instructor and the worker, as I believe , must be there. Cliché as it but not losing relevance that vision vehicles mission.

By the time you receive this Newsletter, our country will be in full swing making preparations to celebrate our 75 Independence Day. India has come a long way in the last 74 years, but to become a world class nation, India has to develop on many fronts. Developing Best Human Resource Practices is among the most important needs for India's growth. Hard work and determination are the keys to success in any field and the best way to capture moments is to pay attention.

With this, I thank everyone once again for their continuous support & guidance. All feedbacks, suggestions and grievances are always welcome.

Jai Hind ! Jai ICAI !

Independence Day Resolutions

- Be a volunteer of Swachh Bharat Abhiyan
- Don't break traffic laws
- Never say "what difference will it make"
- Donate to a worthy cause
- Teach a child
- Acknowledge the privilege available as citizen of India
- Save natural resources





Logistics Companies Post COVID-19 World

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COVID-19 swept across the globe & completely changed the way we work, the way we interact and even the way we transport our products. The logistics sector in the post COVID world has to institute immense precautions, follow strict hygiene and sanitization measures, to ensure that their employees and their trucks, trains, containers and packages do not spread the virus. The logistics sector is the life blood of the economy, employing an estimated 40 million people and contributing over $200 billion to the economy. Their commitment to their service is the reason deliveries reach each customer on time despite the challenges of reduced staff, unplanned stoppages, border closings, rescheduling, multiple payment options, etc.

While we rely on e-commerce to provide us with our daily essentials and ensure we play our little part in flattening the curve, many companies large, medium and small, including those of e-commerce in nature are heavily dependent on Logistics Companies to ensure the delivery of essential goods at the right place at the right time, each time every time.

As the world re-starts in a post COVID scenario, what does it mean for logistics and supply chain companies? In this article we look at how these companies, which are already under stress with many existing issues like lack of technological development, thin margins, weak infrastructure and increase in petroleum price, need to re-assess their operations and action plans in the wake of COVID-19.

Let's take a look.

Redefining Operations Post Covid-19

- **Impact on Optimization of Resources**

When the lockdown was in force, only the transportation of essential goods was permitted. This meant that a limited number of trucks were moving with a limited number of goods. Now with the gradual lifting of the lockdown, demand remains low and containers are not being used at full capacity. In such a case, companies have to deliver their orders without fully utilizing the capacity of their trucks/ships.

- **Supply/Demand Imbalance**

Due to Covid 19 outbreak, the demand for essential commodities is high in Hot Spot areas. However, the factories or warehouses that supply these commodities are either shut down due to rising infection numbers or out of production capacity. Transporters need to reposition their fleets to serve the affected areas, which adds costs and additional lead time to the supply goods. This has led to carrier transportation networks are being disrupted and impacted supply chain systems.

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- **Increase in Delivery Time**

An increase in compliances and documentation, delays when crossing state borders, increased check points along their routes etc. has led to a costly increase in delivery time of goods and supplies.

- **Extra measures and cost for health and safety**

An unintended consequence of the lockdown was the reverse migration of migrant labor from the cities and industrial zones back to their native towns and villages in rural India. Now logistics companies have to content with resuming operations with a reduced workforce of drivers, loaders and warehouse workers. Companies also need to pay to meet the new health and safety measures and sanitization requirements enforced by the Government and to educate their workers on the new way of working.

Navigating Through the Financial Impact

- **Managing Liquidity**

Companies are finding it difficult to manage liquidity in the current scenario because a lot of transactions in this sector happen in liquid assets (for example, cash on hand, trucks, transport vans, cash at bank, shares). The delay in the delivery of goods has also resulted in a delay in recovery and has led to penalty charges. With no new orders and frequent cancellation companies are leading to a liquidity crunch.

- **Onerous Contracts**

Agreements for assets taken on lease, e.g. Warehouses, Trucks, etc. may turn onerous due to low supply from the manufacturers. Lease rentals may be higher than the revenue generated from these assets. In the absence of back to back agreements or recovery plans in the logistics business, many logistics companies may find themselves paying to lessors which may result in a credit crisis.

New compliances and regulatory obligations

Due to the outbreak, few new legal and compliance considerations have been drawn up by the government for commercial organizations that need to evaluate and prepare themselves to respond to this emergency. These include some key compliance and regulatory obligations that have to be taken into consideration for proper functioning in a post-COVID-19 scenario.

- Compliance relating to Epidemic Diseases Act - Section 2A empowers the Central Government to inspect ships and vessels leaving or arriving in the territories of India and empowers the government to detain such vessels if required.

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- Specific laws and regulations applicable to emergencies as imposed by the Central or State Government such as movement of goods from one state to another, social distancing rules, health safety SOPs for employees etc. Dealing with various checkpoints by local authorities of the States Government.

The way forward

As seen above, some of the major changes post COVID-19 include delay in the supply chain, managing liquidity, and investing in health workforce management amongst other challenges. So, the question is what can logistics companies do to ensure they stay afloat and prosper in the immediate future as well in the long run?

Immediate Actions

- Implement new policies and procedures to protect the health and safety of the employees and reskill the workforce to deal with the new norms.
- Identify all available avenues for improving cash-flows, e.g., aggressive collection efforts, reassessing the cash flows, reducing overhead cost by focusing your efforts on optimizing warehousing, using different modes of transportation, automation replies, and outsourcing some aspects of your business to a third-party at an affordable cost.
- With respect to better utilization of resources, transporters should perform a costbenefit analysis and seek third-party collaborators with alternative transportation formats and develop a flexible distribution capability to quickly implement alternative supply chain models if necessary.
- Assessment of various regulatory compliances with respect to GST related compliances for relaxation in submission of various GST returns and depositing the GST, extending the validity of lower TDS Certificate till June 30, 2020, relief of 25% cut in TDS/TCS rates with effect from May 14, 2020 till March 31, 2021 for non-salary payments. These changes will help to increase the liquidity to some extent.
- Focus on capacity and perform assessment of the network operations to identify inefficiency, weakness and factors impacting profit margins. If required, revisit the contracts entered with vendors, renegotiate the pricing and add on back to back clause in the agreement.

Long-term Actions

- Logistic companies large, medium, or emerging need to communicate with each of their transporters and ascertain their situation in understanding any potential impact on the business. This means establishing an emergency response team that can help them in the need of the hour.

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- A major chunk of the long term plan for logistics companies who want to be leaders of tomorrow should be focusing their efforts in maintaining high levels of customer satisfaction, lowering their costs, improving productivity and efficiencies in their logistics operations and seek out initiatives that drive business growth.
- Having said that, this is the time for logistic companies to document all the lessons learned and find out the gaps in their business processes. Also, learn from this outbreak to lead in a challenging business environment. The post COVID-19 world have thrown open a whole new set of challenges and opportunities for logistic companies to tweak and experiment with. As the operations of businesses resume, the ability and demand to get things delivered seamlessly without any hurdles will be demanding and challenging. In such a scenario, logistics companies need to look at revamping their business models to suit the current market conditions, put in place digitization plans, and take a close look at their operations and see where they can bring in more efficiencies as stated above. Whether this is the new normal or things return to what they were pre-COVID, it is always the most prepared and nimble companies in the sectors that will emerge as leaders.

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All about E form-DPT 3

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CA. Shubhi Jain

What is form DPT 3?

DPT-3 is a return of

I. Deposits or
II. Particulars of borrowings outstanding not considered as deposit or
III. Both

to be filed by every company, other than

a. Government Company
b. Banking company
c. Non-Banking Financial Company
d. A housing finance company registered with National Housing Bank

after being signed by Any of the Director, Manager, Secretary, CEO or CFO of the Company on or before 30th June of every year.

Due date of filing the e-form DPT 3

MCA vide its notification dated 22nd January 2019 lead to insertion of a sub-rule (3) after sub-rule (2) in Rule 16A of the Companies (Acceptance of Deposits) Rules, 2014 which reads as follows:

"Every company other than Government company shall file a onetime return of outstanding receipt of money or loan by a company but not considered as deposits, in terms of clause (c) of sub-rule 1 of rule 2 from the 01st April, 2014 to 31st March, 2019, as specified in Form DPT-3 within "ninety days from 31st March, 2019" along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014.The form must be filed annually thereafter."

Accordingly,DPT 3 was filed in two ways-

One-time Return for a period from 01.04.2014 to 31.03.2019 (Amount received & outstanding) and Annual Return from 01.04.2018 to 31.03.2019 (Amount outstanding).

Due date of which was 30.06.2019.

However, due to COVID-19 situation, MCA introduced a scheme called 'COMPANIES FRESH START SCHEME 2020(CFSS-2020)' by issuing a **General Circular No. 12/2020 dated 30th March 2020.**

Due to this scheme, the companies can now file form DPT 3 up till 30.09.2020, without being subject to any

- Additional fees/Penalties
- Prosecution/ proceedings

However, these benefits are subject to filing of form CFSS 2020 by the companies.

But this form can also be filed once e form DPT 3 has been filed as one need to mention the SRN of the belated e form DPT 3.

Thus, where many professionals think that the time limit has been extended, its not true. The due date for filing the DPT 3 For financial year ending 31st March 2020 remains same ie. 30th June 2020. It's only a immunity provided by the MCA to the companies available on an application made. If no form CFSS 2020 is filed then no such immunity will be available.

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Documents to be submitted along with DPT 3

Following documents are necessary to be attached for filing E form DPT 3:

- Auditors certificate
- Copy of Trust deed
- Copy of instrument creating the charge
- List of depositors – List of deposits matured and cheque issued but not yet cleared to be shown separately
- Details of liquid assets
- Optional attachment

Information to be furnished

While filing DPT 3 keep the following particulars need to be furnished

- CIN of the company,
- Registered Email ID,
- Objects of the company,
- Net worth of the company (to be calculated as provided under Companies (Acceptance of Deposits) Rules, 2014 and not as per Companies Act definition)
- Particular of charge if any,
- The total amount outstanding as on 31st March 2020,
- Particular of credit rating.

What is the statutory fee/ROC fee of the filing of e-form DPT-3?

Normal Fees to be paid along with filing DPT 3:

Where nominal share capital is	Normal Fee
Less than 1,00,000	INR 200
1,00,000 to 4,99,999	INR 300
5,00,000 to 24,99,999	INR 400
25,00,000 to 99,99,999	INR 500
1,00,00,000 or more	INR 600

Fees to be paid in case of delayed filing of DPT 3:

Period of delays	Late fee/Additional fee
Up to 30 days	2 times of normal fees
More than 30 days and up to 60 days	4 times of normal fees
More than 60 days and up to 90 days	6 times of normal fees
More than 90 days and up to 180 days	10 times of normal fees
More than 180 days	12 times of normal fees

Consequences of non-filing

If the company does not adhere to the requirements of DPT-3 and keeps accepting deposits then it will face the following consequences along with late fees

A penalty u/s 73 shall be paid by company of Rs.1 crore or twice the amount of deposits whichever is lower, which may extend to Rs. 10 crore. Every defaulting officer shall be liable to imprisonment of up to 7 years and a fine of not less than Rs. 25 lakhs which may extend to Rs. 2 crores. Additionally, the company and every defaulting officer shall pay a fine which may extend up to Rs. 5,000, and where the contravention is a continuing one, a fine of Rs. 500 for every day since the default shall be levied as per rule 21.

Let us come together to facilitate our glorious nation and feel proud to be Indian!
On this auspicious day with the colors of national flag let us take three pledges;

- Be a responsible citizen
- Donate to a worthy cause
- Save natural resources

Wish you a Happy Independence Day!

Gurugram Branch Managing Committee for the Session 2021-2022

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