

**GOVERNANCE RELATED
REGULATORY RELAXATIONS
AND EXTENSIONS GIVEN
DURING COVID-19**

(upto 3rd July, 2020)

Relaxations given by MCA in the Companies Act, 2013 and the Rules thereunder

- No additional fees for late filing from 01st April, 2020 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.
- One-time relaxation of gap between two consecutive Board meetings extended to 180 days (from 120 days) till 30th September, 2020.
- Board meetings, including for restricted matters, allowed to be held through VC/Other Audio Visual Means (OAVM) till 30th September, 2020.
- CARO to be applicable from FY 2020-21 (instead of from FY 2019-20).
- Separate meeting of Independent Directors (IDs), if not conducted in FY 2019-20, will not be considered as a violation.

- Relaxation for non-compliance of minimum residency in India for a period of at least 182 days by at least one Director.
- Registration of IDs to the online databank extended from 30th June, 2020 to 30th September, 2020.

Read more at

1. http://www.mca.gov.in/Ministry/pdf/Circular_25032020.pdf
2. <http://ebook.mca.gov.in/notificationdetail.aspx?acturl=6CoJDC4uKVUR7C9Fl4rZdatyDbeJTgg395fPn7llxAGBWRPO19XSoP2sJOPx6vUL>
3. http://www.mca.gov.in/Ministry/pdf/Rule1_25062020.pdf

Relaxations given by ICSI in regard to Secretarial Standard -1

- Company may choose to e-mail the notice, agenda and minutes to Directors, where physical delivery of the documents is not possible.
- All meetings to be conducted through VC, including for restricted items such as approval of annual financial statements etc.
- Any document not circulated with agenda papers, but placed at the meeting and referred to in the minutes, should be identified by the Company Secretary by initialling such documents after the normalcy is restored.
- Minutes of the meetings to be circulated through e-mails. These may have to be recorded and acknowledged/signed digitally.
- In case, minutes cannot be signed digitally, the same can be physically signed and circulated to Directors once normalcy is restored.

Read more at: https://www.icsi.edu/media/webmodules/Guidance_on_applicability_of_Secretarial_Standards.pdf

Procedure for holding EGMs on/before 30th June, 2020

- EGM allowed to be held through VC or (OAVM) till 30th September, 2020.
- Notice –
 - Clear disclosure with respect to the manner in which the meeting will be conducted, including how to access and participate in the meeting.
 - To be published on website of company and of the Stock Exchanges.
- Public notice
 - Date and time of EGM
 - Specify it will be convened through VC/ OAVM.
 - Manner in which members holding physical shares/ who have not registered their email ids can cast their votes through e-voting.
 - Has complied with the relevant provisions given by MCA
- Meeting should allow two-way teleconferencing/ webex for ease of participation of members.

- Company to provide helpline numbers through the RTA/ Technology provider for those members who need assistance with using the technology before/ during the meeting.
- Prohibition on appointment of Proxy.
- Compulsory attendance of at least 1 ID and auditor/ her representative.
- Chairperson to ensure that the Company has made efforts to get the e-mail addresses of all the members.
- Members present in the meeting to be allowed to vote through e-voting system/ by a show of hands.
- Entire proceedings of the meeting to be recorded and the transcript to be maintained in safe custody and to be uploaded on the website.

- All resolutions passed to be filed with the Registrar of Companies (ROC) within 60 days of the meeting.
- A similar provision is provided for smaller companies where e-voting facility is not required. Emails are being allowed on account of disruption caused in postal services.
- If companies desire to use postal ballot, the relevant provisions of the Rules with regard to voting by e-means and the framework provided for e-voting by MCA would be applicable till 30th September, 2020.

Read more at:

1. http://www.mca.gov.in/Ministry/pdf/Circular14_08042020.pdf
2. http://www.mca.gov.in/Ministry/pdf/Circular17_13042020.pdf
3. http://www.mca.gov.in/Ministry/pdf/Circular22_15062020.pdf

Clarification on holding of AGM through VC or OAVM

- Framework provided for conducting EGM will be applicable to holding of AGM.
- Only those items of special business, which are considered unavoidable by the Board, may be transacted in the meeting.
- Before sending the notices and copies of the financial statements, etc., a public notice by way of advertisement to be published in a vernacular and an English newspapers (preferably having e-editions), specifying -
 - a) AGM will be conducted through VC/ OAVM.
 - b) Date and times of AGM.
 - c) Availability of notice on website of company and of the Stock Exchanges.
 - d) Manner in which members holding physical shares/ who have not registered their email ids can cast their votes through e-voting.
 - e) Manner in which members can give their mandate for receiving dividends directly through Electronic Clearing Service (ECS) or any other means.

- Annual report to be sent only by e-mail to the members, trustees (if any), and to all other persons so entitled.
- In case a Company has already taken the permission to hold a physical AGM
 - Company may, in addition to a physical meeting, hold AGM through VC/ OAVM.
 - Members present physically and those present through VC/ OAVM to be counted as quorum.
 - All resolutions to be passed through the facility of e-voting system.
- A similar framework is provided for the companies which are not required to provide a facility for e-voting.
- One-time extension for convening AGM by 30th September, 2020 for companies whose FY has ended on 31st December, 2019.
- All other companies to apply for extension of AGM.

Read more at:

1. http://www.mca.gov.in/Ministry/pdf/Circular20_05052020.pdf
2. http://www.mca.gov.in/Ministry/pdf/Circular18_21042020.pdf

Relaxations given by ICSI in regard to Secretarial Standard 2

- Notice may be given only through e-mails registered with the Company or with the depository participant/depository.
- No requirement of a route map and an attendance slip.
- Attendance of members through VC/ OAVM to be counted as quorum and the requirement of physical presence of quorum will not apply.
- Minutes to be circulated through e-mail. They should be recorded and acknowledged/signed digitally, and the same can be recorded and signed physically once normalcy resumes.
- For compliance with provisions relating to inspection of documents, it would be sufficient if such documents are available for inspection through e-mode and guidelines for such inspection are given in the notice.

Read more at: https://www.icsi.edu/media/webmodules/Guidance_on_SS-2_15042020.pdf

Corporate Social Responsibility (CSR)

- Qualified as CSR -
 - Contribution to ‘PM Cares Fund’ (effective from 28th March, 2020)
 - Contribution to ‘State Disaster Management Authority’
 - One-time ex-gratia payment to workers (temporary/casual/daily) during the lockdown period, specifically for fighting Covid-19
- Not qualified as CSR
 - Contributions to ‘Chief Minister’s Relief Fund’
 - Contribution to ‘State Relief Fund’
 - Payment of salary/ wages to employees and workers (temporary/casual/daily) during the lockdown period

Read more at:

1. http://www.mca.gov.in/Ministry/pdf/Notification_10042020.pdf
2. https://www.mca.gov.in/Ministry/pdf/Notice_27052020.pdf

Introduction of “Companies Fresh Start Scheme, 2020 (CFSS2020)”

- No additional fees for filing of belated returns/forms by defaulting companies.
- Immunity from initiation of prosecution/proceedings for imposing penalty on account of delay in filing.

Read more at: http://www.mca.gov.in/Ministry/pdf/Circular12_30032020.pdf

Relaxations given by SEBI under SEBI LODR Regulations, 2015

- Authentication/ certification of any filing / submission made to Stock Exchanges may be done using digital signatures.
- Revised due date - 31st May, 2020 (*as against 30th April, 2020*) – for -
 - Regulation 7(3) – Filing of Compliance Certificate on Share Transfer Facility
 - Regulation 40(9) – Filing of Certificate from Practicing Company Secretary on timely issue of share certificates
- Revised due date - 30th June, 2020- for -
 - Regulation 52(1) & (2) - Financial Results (Half Yearly and Annual) (*as against 15th May, 2020 / 30th May, 2020*)
 - Regulations 19(3A), 20(3A) & 21(A) - Holding of NRC/ SRC/ RMC meetings (*1 meeting each which were to be held by 31st March, 2020*).
- Revised due date - 31st July, 2020- for –
 - Regulation 24(A) - Secretarial Compliance Report (*as against 30th June, 2020*)
 - Regulation 33 - Financial Results (Quarterly and Annual) (*as against 30th June, 2020*)

- Regulations 17(2) & 18(2)(a) - Relaxation in observing maximum stipulated time gap of 120 days between two meetings of Board/ of AC extended till 31st July, 2020 (*as against 30th June, 2020*). However, there should be at least 4 meetings each of the Board and the AC in a year.
- Regulation 29(2) - Prior intimation of Board meeting to Stock Exchanges within 5 days, in case of financial results to be announced, and 2 days, in other cases, for Board meetings held till 31st July, 2020.
- Regulation 44(5) - Top 100 listed entities to conduct their AGM by 30th September, 2020 (irrespective of when their FY ended).
- Regulation 36(1)(b) & 58(1)(b)&(c) – Hard copies of Annual Reports need not be sent by companies which conduct their AGMs till 31st December, 2020.
- Proxy forms need not be sent to shareholders in case AGM is held till 31st December, 2020 through e-mode.

Advisory on disclosure of material impact of Covid 19

- Regulation 30(3) - Clause 6 of Para B of Part A of Schedule III of SEBI LODR Regulations specifies events such as *“Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc”*. The same must be considered while making material disclosures.
- Regulation 33- Financial statements may specify/include the impact of the Covid-19 , to the extent possible.
- An illustrative list of information, subject to materiality, to be disclosed is given below:
 - Impact of Covid-19 on business, and its operations (including restarting of and future impact on operations)
 - Details of impact of Covid-19 on listed entity’s financials, debt, assets, internal controls, supply chain and demand.
 - Existing contracts/agreements where non-fulfilment of obligations by any party will have significant impact on the business.
 - Other relevant material updates.

Read more at:

1. https://www.sebi.gov.in/legal/circulars/mar-2020/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-due-to-the-covid-19-virus-pandemic_46360.html
2. <https://www.sebi.gov.in/legal/circulars/mar-2020/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-and-certain-sebi-circulars-due-to-the-covid-19-virus-pandemic-cont-46395.html>
3. <https://www.sebi.gov.in/legal/circulars/mar-2020/further-relaxations-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-and-the-sebi-circular-dated-january-22-2020-relating-46436.html>
4. <https://www.sebi.gov.in/legal/circulars/apr-2020/additional-relaxations-clarifications-in-relation-to-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-due-to-the-covid-19-46525.html>
5. <https://www.sebi.gov.in/legal/circulars/apr-2020/relaxation-in-relation-to-regulation-44-5-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-on-holding-of-annual-general-meeting-agm-by-top-100-listed-entitie-46552.html>
6. https://www.sebi.gov.in/legal/circulars/may-2020/additional-relaxation-in-relation-to-compliance-with-certain-provisions-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-covid-19-pandemic_46661.html
7. https://www.sebi.gov.in/legal/circulars/may-2020/advisory-on-disclosure-of-material-impact-of-covid-19-pandemic-on-listed-entities-under-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_46688.html
8. https://www.sebi.gov.in/legal/circulars/jun-2020/further-extension-of-time-for-submission-of-financial-results-for-the-quarter-half-year-financial-year-ending-31st-march-2020-due-to-the-continuing-impact-of-the-covid-19-pandemic_46924.html
9. https://www.sebi.gov.in/legal/circulars/jun-2020/further-extension-of-time-for-submission-of-annual-secretarial-compliance-report-by-listed-entities-due-to-the-continuing-impact-of-the-covid-19-pandemic_46933.html
10. https://www.sebi.gov.in/legal/circulars/jun-2020/relaxation-of-time-gap-between-two-board-audit-committee-meetings-of-listed-entities-owing-to-the-covid-19-pandemic_46945.html



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