



The Companies Act 2013

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E-newsletter

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About the E-newsletter

Dear Users,

To keep you updated about the latest notifications, circulars & orders issued during the month, thecompaniesact2013.com present herewith its monthly e-newsletter. This is the issue of the February month comprising contemporary articles & monthly amendments.

The notion is to render all the updates in a compiled format and serve a better pavement for easy accessibility.

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ARTICLE

DYNAMICS OF CORPORATE COMPLIANCE IN MIDST THE GLOBAL PANDEMIC

With the outbreak of global pandemic COVID-19, the corporate have found themselves facing challenges in complying with the compliances laid under the Companies Act, 2013, and the rules made there under due to disruptions in their operations. The rampant spread of the virus and the unquantifiable future has called for relaxations in corporate compliance requirements along with strategic policy decisions by Ministry of Corporate Affairs.

Keeping in view the current market conditions and in response to the requests and submissions made by the various corporate, the Ministry has provided various relaxations in the past few months enabling the corporate to stay compliant with various provisions of the Companies Act, 2013 and the rules made there under.

Few of the various relaxations provided by the Ministry are:

- Relaxation of rules regarding board meetings;
- Relaxation of rules regarding Resident Director;
- Relaxation of rules regarding meeting of Independent Directors;
- "Work from Home" polices;
- Company Affirmation of Readiness towards COVID 19 Form (Form CAR);
- Use of audited financial statement as on September 30, 2019 in order to make public issue of the NCDs, NCRPSs and/or CPs.;
- Introduction of "Companies Fresh Startup Scheme, 2020 (CFSS-2020)";
- Provisions for holding General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM);
- Allowing to spend the CSR Funds for COVID-19;

CIRCULARS IN RELATION TO COVID-19 ISSUED BY THE MCA

General Circular No. 10/2020, dt.23.03.2020	Clarification on spending of CSR funds for COVID-19.
General Circular No. 11/2020, dt.24.03.2020	Special Measures under Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak
General Circular No. 12/2020, dt.30.03.2020	Companies Fresh Start Scheme, 2020 (CFSS-2020)
General Circular No. 13/2020, dt.30.03.2020	Modification to LLP Scheme 2020
General Circular No. 14/2020, dt.08.04.2020	Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and rules made thereunder on account of the threat posed by Covid-19.
General Circular No. 15/2020, dt.13.04.2020	COVID-19 related FAQs on CSR
General Circular No. 16/2020, dt.13.04.2020	Filings under section 124 and section 125 of the Companies Act 2013 r/w IEPFA (Accounting, Audit, Transfer and Refund) Rules 2016 in view of emerging situation due to outbreak of COVID-19.
General Circular No. 17/2020, dt.13.04.2020	Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and rules made thereunder on account of the threat posed by Covid-19.
General Circular No. 18/2020, dt.21.04.2020	Holding of AGMs by companies whose financial year ended on 31st December, 2019
General Circular No. 20/2020, dt.05.05.2020	Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)
General Circular No. 21/2020, dt.11.05.2020	Clarification on dispatch of notice under section 62(2) of Companies Act, 2013 by listed companies for rights issue opening upto 31st July, 2020
General Circular No. 22/2020, dt.15.06.2020	Extension of Time for EGMs
General Circular No. 23/2020, dt.17.06.2020	Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013
General Circular No. 24/2020, dt.20.06.2020	Clarification with regard to creation of deposit repayment reserve of 20% u/s. 73 (2) (C) of the companies Act 2013 and to invest or deposit 15% of amount of debentures u/r.18 of Companies (Share capital and Debentures) Rules 2014 - COVID-19 -Extension of time
General Circular No. 27/2020, dt.03.08.2020	Clarification on dispatch of notice under section 62(2) Companies Act, 2013 by listed companies for rights issues opening upto 31st December, 2020

General Circular No. 28/2020, dt.17.08.2020	Clarification on Extension of Annual General Meeting (AGM) for the financial year ended 31.03.2020, Companies Act, 2013
General Circular No. 28/2020, dt.17.08.2020	Relaxation of additional fees and extension of last date of filing of CRA-4 (form for filing of cost audit report) for FY 2019-20 under the Companies Act, 2013

VARIOUS RELAXATION PROVIDED BY THE MINISTRY

❖ Allowing to spend the CSR Funds for COVID-19

[Ref. General Circular No. 10/2020, dt.23.03.2020](#)

Funds may be spent for various activities related to COVID-19 under item nos (i) and (xii) of Schedule VII relating to promotion of health care, including preventive health care and sanitation, and, disaster management. Further, as per General Circular No. 21/2014 dt.18.06.2014, items in Schedule VII are broad based and may be interpreted liberally for this purpose.

❖ No Additional Fee on Late Filing

[Ref. General Circular No. 11/2020, dt.24.03.2020](#)

No additional fees shall be charged for late filing during the moratorium period from 01st April 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.

❖ Relaxation of rules regarding board meetings

[Ref. General Circular No. 11/2020, dt.24.03.2020](#)

The mandatory requirement of holding meetings of the Board of the companies within the intervals provided in section 173 of the Companies Act, 2013 (CA13) (120 days) stands extended by a period of 60 days till next two quarters i.e., till 30th September. Accordingly, as a onetime relaxation the gap between two consecutive meetings of the Board may extend to 180 days till the next two quarters, instead of 120 days as required in the CA-13.

❖ The Companies (Auditor's Report) Order,2020

[Ref. General Circular No. 11/2020, dt.24.03.2020](#)

The Companies (Auditor's Report) Order,2020 shall be made applicable from the financial year 2020-2021 instead of being applicable from the financial year 2019-2020 as notified earlier.

❖ Relaxation of rules regarding meeting of Independent Directors;

[Ref. General Circular No. 11/2020, dt.24.03.2020](#)

For the financial year 2019-20, if the Independent Directors of a company have not been able to hold a meeting as per Para VII (1) of Schedule IV to the CA-13, the same shall not be viewed as a violation. The Independent Directors, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

❖ Deposit Repayment Reserve

[Ref. General Circular No. 11/2020, dt.24.03.2020](#)

Requirement under section 73(2)(c) of CA-13 to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April 2020 shall be allowed to be complied with till 30th June 2020.

[Ref General Circular No. 24/2020, dt.20.06.2020](#)

Requirement under section 73(2)(c) of CA-13 to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April 2020 shall be allowed to be complied with till 30th September, 2020.

❖ Companies (Share capital and Debentures) Rules 2014

[Ref. General Circular No. 11/2020, dt.24.03.2020](#)

Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30th April 2020, may be complied with till 30th June 2020

[Ref General Circular No. 24/2020, dt.20.06.2020](#)

Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30th April 2020, may be complied with till 30th September, 2020.

❖ Declaration for Commencement Of Business

[Ref. General Circular No. 11/2020, dt.24.03.2020](#)

Newly incorporated companies are required to file a declaration for Commencement of Business within '180 days of incorporation under section 10A of the CA-13. An additional period of 180 more days is allowed for this compliance.

❖ Relaxation of rules regarding Resident Director;

[Ref. General Circular No. 11/2020, dt.24.03.2020](#)

Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the CA-13 shall not be treated as non-compliance for the financial year 2019-20.

❖ Introduction of "Companies Fresh Start Scheme, 2020 (CFSS-2020)"

[Ref. General Circular No. 12/2020, dt.30.03.2020](#)

The Companies Fresh Start Scheme, 2020 has been introduced in order to provide the opportunity to the defaulting companies to make a fresh start by filing all the belated documents with Registrar of Companies. The Central Govt. in the exercise of its Powers U/s 460 Read with Section 403 of the Companies Act, 2013 has introduced this Scheme for condoning the delay in filing the required documents with Registrar of Companies.

Applicability

The Scheme Shall Applicable from April 1st, 2020 to September 30th, 2020 and is applicable to any Defaulting company, where by "defaulting company" means a company defined under the Companies Act, 2013, and which has made a default in the filing of any of the documents, statements, returns, etc including annual statutory documents on MCA-21 Registry.

Relaxations Provided

Under the said CFSS-2020 scheme only the normal fees will be chargeable for Filing of the documents and immunity From the Prosecution or Imposing Penalty on delay on statutory Filing with Registrar of Companies shall be provided. The Immunity will be provided only to the penalties or prosecution associated with the late filing Additional Fees, any consequential proceeding including proceedings related to the interest of any person/director/KMP/shareholder are not covered under the Immunity under this CFSS-2020 Scheme

Withdrawal of Appeal:

If a Defaulting company or any of its Officer has filed any appeal against any notice issued/complaint filed/order passed by any court or adjudicating authority under act, then the applicant company has to withdraw such appeal before filing an application for Immunity & shall file the Proof of Withdrawal along with the application for immunity.

Appeal Pending to be Filed

When any appeal is pending to be filed before the Concerned Regional Director, against any order passed or penalty imposed by the adjudicating authority as on the date of commencement of the scheme, where the last date of filing of appeal falls between 1st March, 2020 to 31st May, 2020, a period of 120 additional days shall be allowed to file an appeal from the date of the last date of Filing of appeal as specified in the order.

In such additional period, no prosecution shall be initiated for the Non-compliance of the order passed by adjudicating authority, against the company and its officers.

Application for issue of Immunity

Application for seeking immunity shall be made in E-FORM CFSS-2020 after Closure of Scheme and Documents taken on File/on record/approved by the authority, within SIX months from date of closure of the scheme. No Fees were payable on this form.

Based on the declaration made in E-Form CFSS-2020, the designated authority issues the immunity certificate under this scheme.

Non-Applicability of Scheme

The Said CFSS-2020 Scheme is Applicable to all Except below mentioned:

- Companies against which Final notice of "Strike off" Under Section 248 already initiated by Designated authority:
- Where the company has already filed the application for Strike off with Registrar of Companies

- Companies which have amalgamated under the Scheme of arrangement or compromise under the act;
- Where a company has already filed the Application for obtaining Status of Dormant Company U/s 455 of the act;
- Vanishing companies
- Forms Regarding Increasing In Authorised Capital Form SH-7, Charge Related forms, CHG-1, CHG-4, CHG-8, & CHG-9.

Effect of Immunity

After the immunity has been granted, the designated authority shall withdraw the prosecutions pending, if any, before the Concerned Court and Proceedings of adjudication of penalties, other than those whose order is already passed, in respect of default against which immunity has been granted shall be deemed to have completed without any further action on part of the Designated Authority.

Scheme for Inactive Companies:

The Scheme also provides the inactive companies with an opportunity to get their companies declared as Dormant Company under Section 455 or Strike off under Section 248 of the Act by making simple application with the normal fees.

Whereby, the Defaulting inactive companies can opt to

1. Apply status of dormant company u/s 455 of Companies Act, 2020 by filing form MSC-1 at a normal fee for minimal Statutory Compliance
2. Apply for Strike off of Company by filing form STK-2 with normal fees.

❖ IEPFA (Accounting, Audit, Transfer and Refund) Rules 2016

[Ref. General Circular No. 16/2020, dt.13.04.2020](#)

Ministry of Corporate Affairs has already allowed filing in MCA-21 registry without additional fees till 30th September, 2020 through General Circular No. 11/2020, dated 24th March, 2020 and 12/2020, dated 30th March, 2020. Therefore, the necessary relaxation, insofar as filing of various IEPF e-forms (IEPF-1, IEPF-1 A, IEPF-2, IEPF-3, IEPF-4, IEPF -7) and e-verification of claims filed in e-form IEPF-5, is concerned, the same has already been provided.

❖ Companies whose Financial Year ends on 31st December

[Ref. General Circular No. 18/2020, dt.21.04.2020](#)

The companies whose financial year (other than first financial year) has ended on 31st December, 2019, hold their AGM for such financial year within a period of nine months from the closure of the financial year (i.e. by 30th September, 2020), the same shall not be viewed as a violation. The references to due date of AGM or the date by which the AGM should have been held under the Act or the rules made there under shall be construed accordingly

❖ Relaxation for Filing Forms Related to Charge

"Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013"

[Ref. General Circular No. 23/2020, dt.17.06.2020](#)

Scheme shall applicable in respect of filing of Form No. CHG-1 and Form No. CHG-9 (both referred as 'form' or 'forms) by a company or a charge holder, where the date of creation / modification of charge:

(a) is before 01.03.2020, but the timeline for filing such form had not expired under section 77 of the Act as on 01.03.2020, the period beginning from 01.03.2020 and ending on 30.09.2020 shall not be reckoned for the purpose of counting the number of days under. In case, the form is not filed within such period, the first day after 29.02.2020 shall be reckoned as 01.10.2020 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the Act or

If the form is filed on or before 30.09.2020, the fees payable as on 29.02.2020 under the Fees Rules for the said form shall be charged. If the form is filed thereafter, the applicable fees shall be charged under the Fees Rules after adding the number of days beginning from 01.10.2020 and, ending on the date of filing plus the time period lapsed from the date of the creation of charge till 29.02.2020.

(b) Falls on any date between 01.03.2020 to 30.09.2020, the period beginning from the date of creation/ modification of charge to 30.09.2020 shall not be reckoned for the purpose of counting of days. In case, the form is not filed within such period, the first day after the date of creation / modification of charge shall be reckoned as 01.10.2020 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the Act.

If the form is filed before 30.09.2020, normal fees shall be payable under the Fees Rules. If the form is filed thereafter, the First day after the date of creation/ modification of charge shall be reckoned as 01.10.2020 and the number of days till the date of filing of the form shall be counted accordingly for the purposes of payment of fees under the Fees Rules

The Scheme shall not apply, in case:

- (a) The forms i.e. CHG-1 and CHG-9 had already been filed before the date of issue of this Circular.
- (b) The timeline for filing the form has already expired under section 77 or section 78 of the Act prior to 01.03.2020.
- (c) The timeline for filing the form expires at a future date, despite exclusion of the time provided in sub-para (iii) above.
- (d) Filing of Form CHG-4 for satisfaction of charges.

❖ Provisions for holding General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM);

[Ref. General Circular No 14/2020, dt.08.04.2020](#)

[Ref. General Circular No 17/2020, dt.13.04.2020](#)

[Ref. General Circular No 20/2020, dt.05.05.2020](#)

[Ref. General Circular No 22/2020, dt.15.06.2020](#)

[Ref. General Circular No 28/2020, dt.17.08.2020](#)

The Ministry of Corporate Affairs (MCA) vide its General Circular No 14/2020 issued on April 08, 2020, allowed the Companies to hold their Extra-Ordinary General Meetings (EGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Later on May 05, 2020, MCA has come up with another Circular i.e. General Circular No 20/2020 allowing the Companies for holding Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) in the calendar year 2020 subject to the fulfillment of few requirements.

Extra-Ordinary General Meetings (EGM)

To transact the business of urgent nature requiring approval of members, where holding of the extraordinary general meeting is considered unavoidable, the company may hold the meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM), as per procedure mentioned in the Circular(s) issued by the Ministry of Corporate Affairs in addition to any other requirements provided in the Act or the rules made there under.

Applicability

The said circular shall hold applicability for the Extra Ordinary General Meeting to be held till 30th September, 2020.

Categories of Companies

For the said purpose, the Ministry has divided the companies into two categories:

- a) Companies where e-voting is required;
- b) Companies where e-voting is not required.

The basic structure of the procedure for both of the categories is same, with some minute changes keeping view the structure of the companies and the statues governing the same.

Notice

As per the guidelines mentioned in the MCA Circulars, the notice of the AGM along with the Audited Financial Statement for the financial year 2019-2020, Auditor's Report, and Board's Report shall be sent only through email at the email address of the members registered with the Company or Depository or Depository Participant.

Mode Used

The companies shall use a mode which:

- Ensure two way teleconferencing or webex
- Allow to pose questions concurrently or give time to submit question in advance of co's email
- Is be capable to allow at least 1000 members in case of companies where e-voting is compulsory or capable to allow at least 500 members or total no of members, w.e.l. in case of companies where e-voting is not compulsory.

Recorded Transcript

The company shall maintain recorded transcript of the meeting in a safe custody, and in case of Public Company make it available on website of the company (if any) ASAP.

Quorum

The members attending the meeting through VC or OAVM shall be counted as the valid quorum for the meeting for reckoning the quorum under Section 103.

Compulsory Attendance

At least 1 independent director (if require to appoint); and the Auditor or his authorized representative (who is also qualified to be auditor) shall attend the meeting.

Institutional Investors

In case the company has any Institutional Investors as its members, then the company shall encourage them to attend the meeting and vote in the meeting.

Proxy and Representative

Under Section 105 of the Companies Act, 2013, a proxy can be appointed to attend and vote at the meeting on behalf of the member who is not able to attend personally. Since the meeting is held through VC or OAVM, where the members are not required to present themselves physically, the facility to appoint proxy shall not be available. Though under Section 112 and Section 113 of the Companies Act, 2013, the members can appoint their representative for the purpose of participating and voting in the meeting through VC or OAVM.

Registers, Records, Documents For Inspection

All the registers, records, documents etc to be kept open for inspection or to be disclosed to members shall be available through electric mode for the perusal of the members.

Resolutions Passed

All resolutions passed in the meeting shall be filed with ROC within 60 days. Also state therein, that the framework of Circular(s), the Act and the Rules made there under have been followed.

Facility to Join

The facility to join the meeting through Video Conferencing or Other Audio Visual Means shall be provided at least 15 minutes before the scheduled time of meeting and kept open for 15 minutes after the scheduled time of meeting (i.e. least 30 minutes)

Time & Date

While deciding date and time of general meeting, the convenience of different persons positioned in different time zones shall be kept in mind.

Annual General Meetings (AGM)

Section 96 (2) of the Companies Act, 2013 (the Act) requires that every annual general meeting shall be called and shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situate subject to the conditions.

However, to comply with the guidelines for maintaining Social Distancing, avoid public gathering, minimizing cost and efforts etc. the Ministry has come up with the circular to allow holding Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM).

The four Ordinary Businesses as specified in Section 102 (2) (a) of the Companies Act, 2013 (Act) and any item of Special Business which are considered to be unavoidable in nature by Board can be transected in the said AGM.

The framework provided in EGM circular no. 14/2020 dt.8th April, 2020 and 17/2020 dt.13th April, 2020 in relation to the manner and mode of issuing notices and various other provisions as mentioned in the circular shall be applicable for conducting the AGM as well.

Few provisions to be kept in mind while holding of Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) are:

PROVISION	COMPANY WHERE E-VOTING IS COMPULSORY	COMPANY WHERE E-VOTING IS NOT COMPULSORY
Eligibility	No such eligibility criteria for companies where e-voting is compulsory.	<ul style="list-style-type: none">• Only those companies which has on its record email id of at least half of its total no of members, who:<ul style="list-style-type: none">➤ In Nidhi Co, hold share of

		<p>more than Rs. 1000 in face value or more than 1% of total paid up capital (w.e.l.)</p> <ul style="list-style-type: none"> ➤ In other company having share capital, holds not less than 75% of paid up cap (giving right to vote) ➤ In other company not having share capital, hold not less 75% voting right.
Voting	<ul style="list-style-type: none"> • Voting shall be done only through e-voting • Person eligible to vote: <ul style="list-style-type: none"> ➤ has not voted through remote e-voting; and ➤ is not barred from voting; and ➤ is present at the meeting. 	<ul style="list-style-type: none"> • In all cases, voting shall be done by poll (through email). • Voting through emails shall only be done during the meeting when the item is considered and not before it
Public Announcement	<ul style="list-style-type: none"> • To be made before sending notice and copies of financials • Public notice in 2 newspapers (English & vernacular), having wide circulation in district where company has its registered office, preferably both having electronic editions. • Mention that meeting is done as per the circular • Mention the date and time of meeting • mention how members can get their email id registered if not already registered. • mention that notice available on website of co (and stock exchange if listed co) • mention the manner by which members can receive dividend directly in bank account through ECS • mention instructions on how to access, participate and vote in the meeting • mention other detail considered important. 	<ul style="list-style-type: none"> • Contact all members (telephonic or otherwise) whose email id not registered, so as to get their email id registered • If contact info not available and there are no means to obtain it, then, publish a public notice in 2 newspapers (one English & one vernacular), having wide circulation in the district where registered office of the company situated, preferably both having electronic editions. • Mention in announcement that the company intends to hold its AGM over VC or OAVM as per the circular(s) issue by MCA and has to send notice for the same • Also mention an email id and number of company from where the members can get their email id registered. <p>Notice of the meeting shall only be send after 3 days from date announcement has lapsed</p>

Designated Email Address	N/A	<ul style="list-style-type: none"> • Company shall provide designated email id along with the notice of the meeting to the members. • When poll is required, members shall cast vote only by sending vote to the designated email id of the company, by their registered email id • Company shall take necessary steps to maintain confidentiality of password and other privacy issues of the designated email address.
Chairman	<ul style="list-style-type: none"> • If AOA requires any specific person to be chairman, then such person; • In other cases, appoint chairman through poll by means of e-voting. 	<ul style="list-style-type: none"> • If AOA requires any specific person to be chairman, then such person; • In all other cases, the Chairperson shall be appointed by poll through email
Result	N/A	If counting of votes takes time, then meeting can be adjourn and called later to declare the result.
Dividend	If the company is unable to pay dividend through electronic means as non-availability of bank a/c details, send dividend warrant/cheque on normalization of postal services.	If the company is unable to pay dividend through electronic means as non-availability of bank a/c details, send dividend warrant/cheque on normalization of postal services.
Physical Meeting	<ul style="list-style-type: none"> • Can be held with permission of appropriate authorities • Must provide facility of VC/OAVM in addition to physical meeting • All members present physically and electronically shall form the quorum 	N/A

"Companies not able to hold AGM as per circular advised to prefer application to ROC for extension of AGM u/s 96 of the Act".

VARIOUS RELAXATIONS INTRODUCED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA

The listed companies are required to ensure compliance of various listing regulations as maybe imposed and/ or modified from time to time, by the Securities and Exchange Board of India in addition to the compliance of the various provisions of the Companies Act, 2013 and the rules made there under, for the time being in force.

Hence, to provide relaxation to the listed entities, the Securities and Exchange Board of India has issued various circulars, in sync with various circulars issued by the Ministry of Corporate Affairs, from time to time, to reduce the burden on the entities and ensure ease of working.

❖ Relaxation from compliance with certain provisions of the LODR, 2015

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dt. 19.03.2020](#)

[Ref. Circular No. SEBI/HO/DDHS/ON/P/2020/41 dt.23.03.2020](#)

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dt.26.03.2020](#)

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/63 dt.17.04.2020](#)

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dt.12.05.2020](#)

Keeping in view the difficulties faced by the corporate during the widespread of COVID-19, SEBI has granted various relaxation to all listed entities, with regard to due dates for various compliance and filings such as compliance certificate on share transfer facility, statement of investor complaints, secretarial compliance report, corporate governance report, shareholding pattern, and financial results, etc.

In tune to the same, the Board of Directors and Audit Committee of the listed entities are exempted from observing the maximum stipulated time gap of one hundred twenty days between two meetings for the meetings held or proposed to be held between the period December 1, 2019 and June 30, 2020.

Below is the summary of few relaxations granted by SEBI under the regulations:

No.	Regulation	Relaxation
1.	Prior intimation to Stock Exchanges about Board Meetings under Regulation 29(2)	To be given 2 days before the board meeting, for meetings to be held till July 31, 2020.
2.	Submission of information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange under Regulation 39(3)	For intimations to be made between March 1, 2020 to May 31, 2020, delay in submission of information will not attract penalty
3.	Publication of Advertisement in newspapers by entities that have listed NCDs and NCRPs under Regulation 52(8)	Exempted till May 15, 2020
4.	Requirement of sending physical copies of annual report to shareholders under Regulation 36 (1)(b) and (c) & Regulation 58 (1)(b) and (c) (entities which have listed their NCDs and NCRPs)	Physical dispatch of necessary documents are dispensed with for listed entities who conduct their AGMs during the calendar year 2020 and the same shall be send electronically.
5.	Requirement of proxy for general meetings under Regulation 44 (4), requiring sending of proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against a resolution.	Where the listed entities conduct their AGMs through electronic mode during the calendar year 2020, this requirement is waived off as no proxy can be appointed in such case.
6.	Requirement of dividend warrants/cheques under Regulation 12, where 'payable at par' warrants or cheques to be physically dispatched in case it is not possible to use electronic modes of payment	In cases where email addresses of shareholders are available, entities shall transfer the dividend warrants/cheques electronically, as prescribed under the Regulations. Otherwise, warrants or cheques to be physically dispatched upon normalization of postal services.
7.	Publication of advertisements in newspapers, as required under regulation 47 and 52(8)	Publication of advertisements for all events in newspapers, are exempted till June 30, 2020.
8.	In case a listed entity has subsidiaries, the listed entity shall submit	a) Listed entities which are banking and / or insurance companies or having

quarterly/year-to-date consolidated financial results, under Regulation 33(3)(b)

subsidiaries which are banking and / or insurance companies, may submit their consolidated financial results under regulation 33(3)(b) for the quarter ending June 30, 2020 on a voluntary basis. However, they shall submit their standalone financial results as required under regulations of the LODR. b) If such listed entities choose to publish only standalone financial results, they shall provide reasons for the same.

❖ Relaxation of compliance to Listed Entities under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

[Ref. Circular No. SEBI/HO/CFD/DCR1/CIR/P/2020/49 dt.27.03.2020](#)

SEBI with a view to to help reduce the burden on shareholders and promoters of target companies due to CoVID-19 pandemic has extended the deadlines with respect to compliance with certain disclosure-related provisions under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

❖ Extension of deadline for top 100 Listed Entities whose Financial Year (FY) ended on 31/12/2019 for holding Annual General Meetings

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/71 dt.23.04.2020](#)

In line with the MCA Circular No. 18/2020 dated 21/04/2020 which extended the due date for holding AGM by Companies whose FY ended on 31/12/2019, SEBI, has also extended the deadline for holding of AGMs for the 'top 100 Listed Entities based on market capitalization' whose FY ended on 31/12/2019 to 30/09/2020 under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

❖ **Relaxation of applicability of SEBI Circular dated October 10, 2017 on non-compliance with the Minimum Public Shareholding (MPS) requirements**

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/81 dt. 14.05.2020](#)

SEBI relaxed the applicability of its earlier circular dated 10/10/2017, which laid down the procedure to be followed by the recognized stock exchanges/depositories with respect to MPS non-compliant listed entities, their promoters and directors, including levy of fines, freeze of promoter holding etc.

As per this circular, Stock Exchanges are advised not to take any penal action towards any non-compliance by the Listed entities for whom the deadline to comply with MPS requirements falls between the period from March 1, 2020 to August 31, 2020. Penal actions, if any, initiated by Stock Exchanges from March 1, 2020 till date for non-compliance of MPS requirements by such listed entities may be withdrawn.

❖ **Advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR')**

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dt. 20.05.2020](#)

To ensure smooth and safe working of the corporate amid the global pandemic COVID-19, SEBI through its circular, emphasized the need for entities to ensure the availability and access to information on the impact of COVID-19 and its consequences on the company and its operations and timely communication of the same to its investors and stakeholders. This requirement on material disclosure is already mandated by:

- Regulation 30(3) of the LODR which specifies that a listed entity shall make disclosures of events specified in Para B of Part A of Schedule III of LODR, based on application of the guidelines for materiality,
- Guidance issued by SEBI vide Circular No. CIR/CFD/CMD/4/2015 dated 09/09/2015 on disclosures causing disruptions of operations due to natural calamity, force majeure and other events and
- Regulation 51(1) of the LODR which requires prompt dissemination to the stock exchange(s) by entities that have listed NCDs and NCPs, of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend.

In this context, SEBI provided an illustrative list of qualitative and quantitative information that listed entities may consider disclosing, subject to the application of materiality. Further, listed entities may specify/include the impact of the COVID-19 pandemic on their financial statements, while submitting its financial statements under Regulation 33 of the LODR.

❖ **Extension of deadline for Listed Entities for submission of financial results for the quarter/half year/financial year ending 31st March 2020**

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/106 dt.24.06.2020](#)

SEBI, through this circular, extended the deadline further from its earlier relaxed deadline of 30/06/2020 to 31/07/2020 with respect to the following -

- submission of financial results under the LODR Regulations for the quarter and the year ending 31/03/2020.
- submission of half yearly and/or annual financial results under the LODR for the period ending 31/03/2020 for entities that have listed Non-Convertible Debentures (NCDs), Non-Convertible Redeemable Preference Shares (NCRPS), Municipal Debt Securities (MDS) and Commercial Papers (CPs).

❖ **Relaxations relating procedural matters on Takeovers and Buy-back**

[Ref. Circular No. SEBI/CIR/CFD/DCR1/CIR/P/2020/83 dt.14.05.2020](#)

[Ref. Circular No. SEBI/HO/CFD/DCR2/CIR/P/2020/139 dt.27.07.2020](#)

[Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/144 dt.31.07.2020](#)

Through this circular, SEBI has granted relaxations with respect to service of the letter of offer and/or tender form and other offer related material to shareholders, which may be undertaken by electronic transmission as already provided under Regulation 18(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Regulation 9(ii) of SEBI (Buy-back of securities) Regulations, 2018, subject to the guidelines prescribed in the said circular with respect to electronic dispatch of forms and related material, pertaining to open offers and buy-back tender offers opening up to December 31, 2020.

❖ Extension on use of digital signature certifications for authentication/certification of filings/ submissions made to Stock Exchanges till 31/12/2020

[Ref. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/63 dt.17.04.2020](#)

[Ref. Circular No. EBI/HO/CFD/CMD1/CIR/P/2020/145 dt. 31.07.2020](#)

SEBI has permitted Listed entities to authenticate/certify any filing/submission made to stock exchanges on or after July 1, 2020 under the LODR Regulations, using digital signature certificates (DSCs) till December 31, 2020.

Earlier SEBI had permitted the same until June 30, 2020 vide its circular dated April 17, 2020.

CONCLUSION

The economic impact of COVID-19 is very disturbing. No one has been spared of its ill effects. Economies of about 100 plus countries have been destroyed out of which some of them have asked for monetary help from IMF.

There is a big shift in the world economic market and the share market has witnessed crashes day by day. The Organization for Economic Co-operation and Development (OECD) reveals that they have cut their expectation for global growth to 2.4% from 2.9%, and warns that it could fall as low as 1.5%.

Keeping in mind the fact that such times call for desperate measures, Government of India (GoI) has temporarily relaxed a number of compliance requirements for the corporate sector.

In order to reduce compliance burden on various entities, the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) has, *inter alia*, issued various circulars to provide various relaxation to the corporate, with a view to reduce the burden on the corporate and their various stakeholders.

The relaxations provided by the Ministry are a welcome move as they provide clarity on compliances under the Companies Act, considering the current economic and health conundrum. Additionally, the SEBI Circular has provided relief to listed companies by exempting them from compliance with various listing compliances.

In current scenario of the wide spread of the global pandemic and various restrictions imposed on movement and gathering, the abovementioned relaxations, will be of great

use as they will enable companies to avoid penalties on account of unavoidable delay in meeting their regulatory compliances.



NOTIFICATIONS

1. Amendment of item no.(vi) of Schedule VII of the Companies Act,2013

[Ref. G.S.R. 399\(E\). dt.23.06.2020](#)

In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following further amendments in Schedule VII to the said Act, namely:-

In the said Schedule, in item (vi), after the words “war widows and their dependents”, the words “Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;” shall be inserted.

2. This notification shall come into force on the date of its publication in the Official Gazette.

Note:

The Schedule VII was brought into force with effect from the 1st April, 2014 and was amended (effective from the 1st April, 2014) vide notification number G.S.R. 130(E), dated the 27th February, 2014, Corrigenda number G.S.R. 261(E), dated the 31st March, 2014, notification number G.S.R. 568(E), dated the 6th August, 2014, notification number G.S.R. 741(E), dated the 24th October, 2014, notification number G.S.R. 390(E), dated the 30th May, 2019, notification number G.S.R. 776(E), dated the 11th October, 2019, Corrigenda number GSR 859(E), dated the 19th November, 2019 and notification number G.S.R. 313(E) dated 26th May, 2020.

2. Notification of Special Courts in state of Assam under section 435(2)(b)

[Ref. S.O. 2445 \(E\).dt.24.07.2020](#)

In exercise of the powers conferred by section 435 of the Companies Act, 2013 (18 of 2013), the Central Government, with the concurrence of the Chief Justice of the High Court of Gauhati hereby designates the Court mentioned in column (2) of the Table below as Special Court for the purposes of providing speedy trial of offences under clause (b) of sub-section (2) of section 435 of the said Act, namely:-

TABLE

Sl. No.	Court	Jurisdiction as Special Court
(1)	(2)	(3)
1	Court of Chief Judicial Magistrate, Kamrup (M) at Guwahati	State of Assam

3. Amendment of item no. (ix) in the Schedule VII of the Companies Act, 2013

[Ref. G.S.R. 525\(E\). dt.24.08.2020](#)

In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following further amendments in Schedule VII to the said Act, namely:-

In the said Schedule, for item (ix) and the entries thereto, the following item and entries shall be substituted, namely:-

“(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of

Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)”.

2. This notification shall come into force on the date of its publication in the Official Gazette.

Note:

The Schedule VII to the Companies Act, 2013 was brought into force with effect from the 1st April, 2014 and was amended (effective from the 1st April, 2014) vide notification number G.S.R. 130(E), dated the 27th February, 2014, Corrigendum number G.S.R. 261(E), dated the 31st March, 2014, notification number G.S.R. 568(E), dated the 6th August, 2014, notification number G.S.R. 741(E), dated the 24th October, 2014, notification number G.S.R. 390(E), dated the 30th May, 2019, notification number G.S.R. 776(E), dated the 11th October, 2019, Corrigendum number G.S.R. 859(E), dated the 19th November, 2019, and notification number G.S.R. 399(E) dated the 23rd June, 2020.

4. Commencement notification dated 28.08.2020

Ref. Notification dt. 28.08.2020

In exercise of the powers conferred by subsection (2) of section 1 of the Companies (Amendment) Act, 2017 (1 of 2018), the Central Government hereby appoints the 28th August, 2020 as the date on which the provision of clause (ii) of section 23 of the said Act shall come into force.

- [Companies \(Appointment and Qualification of Directors\) 3rd Amendment Rules 2020](#)
- [Companies \(Meetings of board and its powers\) 2nd Amdt Rules 2020](#)
- [COMPANIES \(Removal of Names of Companies from the Register of Companies\) Amendment Rules 2020](#)
- [Amendment of the Companies \(CSR Policy\) Rules, 2014 of the Companies Act, 2013.](#)
- [Amendment of item no.\(vi\) of Schedule VII of the Comapanies Act,2013](#)
- [Notification of Special Courts in state of Assam under section 435\(2\)\(b\)](#)

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