



# COVID-19:

## RELAXATIONS FROM CERTAIN REGULATORY COMPLIANCES FOR CORPORATES AND OTHER MEASURES

March 20, 2020

### Introduction

The Novel Coronavirus (COVID-19) has been declared a pandemic by the World Health Organization and has affected numerous countries, including India. In response to the developing COVID-19 situation, the Ministry of Corporate Affairs (“MCA”), Securities and Exchange Board of India (“SEBI”) and courts/ tribunals across the country have granted certain relaxations from regulatory compliances and adopted measures to address the challenges that COVID-19 poses to the corporate sector. This update summarises some of the key relaxations and measures which have been introduced<sup>1</sup>.

### Directors not required to be physically present at Board Meetings

As per rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 the following matters cannot be dealt with in any meeting held through video conferencing or other audio-visual means:

- a. approval of annual financial statements
- b. approval of the Board’s report
- c. approval of the prospectus
- d. audit committee meetings for consideration of financial statements; and
- e. approvals relating to amalgamations, merger, demerger, acquisition and takeover.

On March 19, 2020, the Ministry of Corporate Affairs amended the above rules, as per which, from the date of the commencement of the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 **till June 30, 2020**, meetings on the above-mentioned matters may also be held through video-conferencing or other audio visual means.

### MCA advisory to all companies/LLPs on ‘work from home’

The Secretary, MCA has issued an “Advisory on Preventive measures to contain the spread of COVID19” available on the website of the MCA (“**Advisory**”), stating that all companies/limited liability partnerships (“**LLPs**”) are expected and ‘strongly advised’ to put in place an immediate

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<sup>1</sup> This update does not deal with the administrative and public measures/ prohibitions (such as closure of shops and establishments, restrictions on travel etc) announced by the Government.

plan to implement the 'work from home' policy (described below) as a temporary measure **till March 31, 2020** after which the position will be reviewed by appropriate authorities.

**'Work from Home'**: As per the above Advisory, the 'work from home' policy includes the following:

- a. implementation of work from home in the headquarters and field offices to the maximum extent possible, including by conduct of meetings, though video conference or other electronic/ telephonic/computerized means;
- b. even if essential staff is on duty, staggered timings may be followed with a view to minimize physical interaction; and
- c. 'Dos and Don'ts' advised by public health authorities are to be strictly followed.

## Form CAR to be filed for confirming compliance with COVID-19 measures

In the Advisory it is stated that MCA is in the process of developing and deploying a simple web form for companies/LLPs to confirm their readiness to deal with the COVID-19 threat. A web form named **CAR (Company Affirmation of Readiness towards COVID-19)** would be required to be filled by an authorised signatory of companies and LLPs. CAR-2020 would be deployed on March 23, 2020. All companies/LLPs have been requested to report compliance using the above mentioned web service *"on the 23<sup>rd</sup> instant"*.

## Extension of timeline for filings by listed companies

On March 19, 2020, SEBI issued a circular ("**Circular**") granting relaxations in the timelines in respect of the below-mentioned requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR**").

- a. Under regulation 7(3) of the LODR, a listed entity is required to submit a certificate relating to compliance with requirements pertaining to share transfer facility within 1 (one) month of the end of each half of the financial year. For the financial year ending March 31, 2020, the period for compliance with this requirement has been extended to May 31, 2020.
- b. Under regulation 13(3) of the LODR, a listed entity is required to file a statement of investor complaints within 21 (twenty one) days from the end of each quarter. For the quarter ending March 31, 2020, the period for compliance with this requirement has been extended to May 15, 2020.
- c. Under regulation 24A of the LODR read with circular No CIR/CFD/CMD1/27/2019 dated February 8, 2019, a listed entity is required to comply with the requirement of filing the secretarial compliance report within 60 (sixty) days from the end of the financial year. For the financial year ending March 31, 2020, the period for compliance with this requirement has been extended to June 30, 2020.
- d. Under regulation 27(2) of the LODR, a listed entity is required to submit the corporate governance report within 15 (fifteen) days from the end of the quarter. For the quarter ending March 31, 2020, the period for compliance with this requirement has been extended to May 15, 2020.
- e. Under regulation 31 of the LODR, a listed entity is required to submit its shareholding pattern within 21 (twenty one) days from the end of the quarter. For the quarter ending March 31, 2020, the period for compliance with this requirement has been extended to May 15, 2020.
- f. Under regulation 33 of the LODR, a listed entity is required to submit financial results: (i) within 45 (forty five) days from the end of the quarter for quarterly results; and (ii) within 60 (sixty) days from the end of the financial year for annual financial results. For the quarter/ financial year ending March 31, 2020, the period for compliance with the above requirements has been extended to June 30, 2020.

## **Relaxation of time gap between two board / audit committee meetings**

Under regulations 17(2) and 18(2)(a) of the LODR, the board of directors and audit committee respectively, are required to meet at least 4 (four) times a year with a maximum time gap of 120 (one hundred twenty) days between any 2 (two) meetings. As per the Circular, the board of directors and audit committee of a listed entity are exempted from observing the maximum stipulated time gap between 2 (two) meetings for the meetings held or proposed to be held between the period of December 1, 2019 and June 30, 2020. However, the board of directors/ audit committee are required to ensure that they meet at least 4 (four) times a year, as stipulated under regulations 17(2) and 18(2)(a) of the LODR.

## **Supreme Court: Only urgent matters to be heard; Only one litigant and lawyers permitted**

The Secretary General of the Supreme Court issued a notification on March 13, 2020 directing that the functioning of the Supreme Court from March 16, 2020 shall be restricted to urgent matters with such number of benches as may be found appropriate. The lawyers who are going to act in the matter, i.e. either for arguments or for making oral submissions or to assist will be permitted in the court room along with 1 (one) litigant only.

## **High Courts to hear only urgent matters**

Various High Courts across the country have issued directives that only urgent matters shall be heard.

## **NCLAT: Adjournments for matters listed between March 21, 2020 to April 1, 2020, Only urgent matters to be heard, Filing counters closed.**

On March 15, 2020, the Registrar, National Company Law Appellate Tribunal (“**NCLAT**”) issued a directive listing out, *inter alia*, the following measures:

- a. With effect from March 21, 2020 till April 1, 2020 only urgent matters will be listed for admission. Urgent matters may only be listed upon mentioning of the same before the bench constituted for hearing urgent matters, which bench which would sit on March 25, 2020 and April 1, 2020.
- b. Matters listed for hearing during the aforesaid period will be adjourned and the date of hearing would be notified later.
- c. Interim order/stay order passed in the pending matters would continue till the next date of hearing.
- d. Filing counter will remain closed from March 21, 2020 till April 1, 2020.

## **NCLT: Adjournments for matters listed between March 16, 2020 to March 27, 2020, Only urgent matters to be heard, Filing counters closed.**

On March 15, 2020, the Registrar, National Company Law Tribunal (“**NCLT**”) issued a directive listing out, *inter alia*, the following measures:

- a. All benches of the NCLT are required to take up only those matters which require urgent hearing on a request made by the concerned parties.
- b. Adjournments would be granted on all matters other than those specified above from March 16, 2020 to March 27, 2020 for which presence of counsels, and parties was not required.
- c. All counsels were advised to restrict their presence only to the extent required.

On March 19, 2020, the Registrar of NCLT also issued a notice directing the closure of the filing counters of all the NCLT benches till March 27, 2020. If there is a 'limitation issue', matters may be filed online at the Delhi, Mumbai, Hyderabad, Amaravati and Jaipur benches, hard copies of which could be filed upon reopening of the filing counters. Other than matters which are hit by a limitation, it has been advised that filings may be postponed until the filing counters were reopened. For NCLT benches other than Delhi, Mumbai, Hyderabad, Amaravati and Jaipur, applications in matters which are possibly hit by a limitation issue may be filed (without annexures) by way of emails to the Registrars of the respective benches.

***This update has been contributed by Aditya Chaudhury (Partner) and Kshitija Naik (Associate).***

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