



## **Affirmation on Readiness of Companies/LLPs towards COVID-19**

The Ministry of Corporate Affairs (MCA) has issued an advisory on preventive measures to contain the spread of COVID-19 wherein it has, inter-alia, strongly advised companies as well as LLPs to implement work from home to the maximum extent possible so as to minimize physical interaction. This step has been taken to contain the spread of COVID-19.

In order to establish transparency of corporates in tackling the outbreak of COVID-19, the MCA is in the process of developing a simple web form so as to seek affirmation of corporates on their readiness to tackle this public health situation. The web form would be named CAR (Company Affirmation of Readiness towards COVID-19), 2020 and would need to be filed by the authorized signatory of companies and LLPs.

The form CAR-2020 would be issued on March 23, 2020 and all companies/LLPs have been directed to report compliance by submitting the form CAR-2020.

We continue business as usual and our attorneys and staff are available to provide our clients uninterrupted service. Please do not hesitate to reach out with questions or concerns at any time. We hope that you and your family remain healthy and safe throughout this global health challenge.

Dr Gopal Das Bhawan, 14th Floor, 28, Barakhamba Road, New Delhi - 110 001

Tel: +91 11 4213 0000 | Fax: +91 11 4213 0099

Bajaj Bhawan, 1st Floor, 226, Nariman Point, Mumbai - 400 021

Tel: +91 22 4910 0000 | Fax: +91 22 4910 0099

W : [www.clasislaw.com](http://www.clasislaw.com)

E : [info@clasislaw.com](mailto:info@clasislaw.com)



## COVID - 19 - Relaxation of requirement regarding convening of physical board meetings

The COVID-19 outbreak has forced countries into lockdown, including India which has closed its borders. This move has had unintended consequences, including impacting the ability of companies to ensure compliance with corporate governance norms.

The (Indian) Companies Act, 2013, prescribes certain matters (such as, approval of financial statements and boards' report) which can only be approved at a meeting of the board of directors where the directors are physically present. Generally such matters are taken up for approval after the close of the financial year (which ends on March 31st). The outbreak of COVID-19 has resulted in lockdowns and closure of national borders, thereby affecting the ability of directors of Indian companies to assemble/ be physically available for convening the board meetings. This has resulted in cancellation of scheduled board meetings of various Indian companies and would have an impact on ability of companies in completing their statutory annual compliances post March 31, 2020.

In order to provide relief to companies, the Ministry of Corporate Affairs, India ("**MCA**") has notified the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 ("**Amended Rules**") with effect from March 19, 2020. The Amended Rules provide that all the matters which require physical presence of directors at a board meeting can now be approved at a board meeting held through video conferencing or other audio visual means, provided that the other applicable provision for convening of board meetings are complied with. This is a commendable move by the government to address the procedural difficulty being faced by companies in convening the board meetings.

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## **COVID-19 - Relaxation to listed companies**

Amid the COVID - 19 outbreak, the Securities and Exchange Board of India ("SEBI"), vide its circular dated 19 March 2020, has granted relaxation to listed companies with respect to certain filings required to be made under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"). Some of the relaxations are listed below:

- extension of 1 (one) month for filing the corporate governance report, which can now be made by May 15, 2020;
- extension of 45 (forty five) days for filing the quarterly financial results, which can now be made by June 30, 2020;
- extension of 1 (one) month for filing the annual financial results, which can now be made by June 30, 2020.

SEBI has also exempted the board of directors and audit committees of the listed companies from observing the maximum stipulated time gap of 120 days between two board/audit committee meetings held or proposed to be held between December 1, 2019 and June 30, 2020. Note that such companies will continue to comply with the requirement of holding a atleast 4(four) board/audit committee meetings in a year.

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