

CMA CORPORATE CONNECT

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

www.icmai.in

Headquarters : CMA BHAWAN , 12, Sudder Street, Kolkata - 700016
Ph-091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003
Ph-091-11-24666132

ABOUT THE INSTITUTE

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (erstwhile The Institute of Cost and Works Accountants of India) was first established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.

On 28 May 1959, the Institute was established by a special Act of Parliament, namely the Cost and Works Accountants Act 1959 as a statutory professional body for regulation of the profession of Cost and Management Accountancy. It has since been continuously contributing to the growth of the industrial and economic climate of the country.

The Institute of Cost Accountants of India is the only recognised statutory professional organization and licensing body in India specialising exclusively in Cost and Management Accountancy.

MISSION STATEMENT

The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.

VISION STATEMENT

The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.

CMA BISWARUP BASU
PRESIDENT



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi -110 003

Phone : +91-11-24666101 , Mobile : +91-9910030124, 9874272530

E-mail : president@icmai.in, Website : www.icmai.in



PRESIDENT'S MESSAGE

I am pleased to note that the Corporate Laws Committee of the Institute is bringing out the inaugural edition of '**CMA Corporate Connect**' E-Bulletin. We are all facing an extremely challenging time and each one is fighting against COVID-19 pandemic around the planet. Gradually the government is promising more policy interventions to revive the economy with various announcements with respect to Corporate Laws. The need of the hour is the maximum utilization of digital technologies and E-bulletins are very crucial in this regard as the knowledge is being made readily available to the stakeholders. Spread of knowledge and its updation is extremely important. I sincerely hope that the readers will find the '**CMA Corporate Connect**' E-Bulletin helpful in updating their knowledge on the various Corporate Laws.

I congratulate CMA (Dr.) Ashish P. Thatte, Chairman Corporate Laws Committee and other members of the Committee for visualizing this E-Bulletin and bringing out its first edition. I extend my sincere gratitude to our resource persons for their valuable inputs/articles for this inaugural E-Bulletin of '**CMA Corporate Connect**'.

I wish the Corporate Laws Committee grand success in all its initiatives.

With best regards,

CMA Biswarup Basu

President

October 25, 2020

CMA P. RAJU IYER
VICE PRESIDENT



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory body under an Act of Parliament)
CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi -110 003
Phone : +91-11-24666102 , Mobile : +91-98402 35045
E-mail : vicepresident@icmai.in, p.rajuier@gmail.com
Website : www.icmai.in



VICE PRESIDENT'S MESSAGE

I am happy to know that the Corporate Laws Committee of the Institute is bringing out the 1st edition of its '**CMA Corporate Connect**' E-Bulletin. This is very good initiative by the Corporate Laws Committee. This Bulletin is indeed an effort to make the members and other stakeholders aware of the recent development in the field of corporate laws. I am sure this E-bulletin will act as great enhancement of knowledge for professionals which in turn helps them in performing through excellence in their respective areas.

I am thankful to CMA (Dr.) Ashish P Thatte, Chairman Corporate Laws Committee and other Members in Industry Committee of the Institute for taking this initiative to bringing out the first '**CMA Corporate Connect**' E-Bulletin. I also acknowledge the contribution of resource persons who have contributed their valuable knowledge in this Bulletin.

My best wishes to the endeavors of the Corporate Laws Committee.

With warm regards,

CMA P Raju Iyer
Vice President
October 25th, 2020

From the Desk of Chairman..... 



Dear Friends and Professional Colleagues,

I take this opportunity to pray to almighty for the health and safe well being of all the professionals, members and students of CMA fraternity and their families.

During these testing times of Covid 19 pandemic, we professionals face a huge challenge of being helpful to the society and doing your duties with vigour and energy. Recent times, the spread of knowledge has become a key medium through which the professional issues, which come up at a very fast rate can be resolved. There is a need to enrich the knowledge of the professionals in the vast area of Corporate Laws. I am very happy to place the first edition of the Corporate Laws in your hands. E-bulletin covers articles on relevant topics apart from sharing of related information.

I assure you that the Corporate Laws Committee and Department is very enthusiastic in bringing this E-bulletin and shall be working diligently towards bringing a value edition in the life of all our members and students through this Bulletin. We shall look forward to your support and encouragement.

I would be delighted to hear your comments or suggestion and I encourage you to write to us if you have any views or opinions on the articles covered in this issue.

CMA (Dr.) Ashish P Thatte

25th October 2020

NOTIFICATION AND CIRCULARS

**General Circular No. 33/2020 F. No. 2/6/2020-CL-V Government of India
Ministry of Corporate Affairs**

Dated: 28th September, 2020

Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 read with rules made thereunder on account of COVID-19- Extension of time -reg.

The Central Government after due examination, decided to allow companies to conduct their EGMs through VC or OAVM or transact items through postal ballot in accordance with the framework provided in the aforesaid Circulars upto 31 st December, 2020.

**General Circular No. 34/2020 F.No. 02/08/2020-CL-V Government of India
Ministry of Corporate Affairs**

Dated 29th September 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-regarding.

Central Government in view of the requests received from various stakeholders seeking extension of time for compliance of the subject requirements on account of Covid-19, it has been decided to further extend the time in respect of matters referred to in paras V, VI of the aforesaid circular dated 24.03.2020, from 30th September 2020 to 31st December,2020. All other requirements shall remain unchanged.

General Circular No. 35/2020 File No. 16/01/2018-IEPFA(Vol. III)

Dated 29th September 2020

Filing under Section 124 and section 125 of the Companies Act 2013 r/w IEPFA (Accounting , Audit, Transfer and Refund) Rules 2016 in view of extension of CFSS , 2020

The Ministry of Corporate Affairs through General Circular No. 30/2020 dated 28th September 2020, has extended Companies Fresh Start Scheme, 2020 till 31st December 2020. Necessary relaxation, insofar as filing of various IEPF e-forms (IEPF -1, IEPF- I A, IEPF-2, IEPF-3, IEPF-4, IEPF-7) and e-verification of claims filed in e-form IEPF-5 without additional fees till 31st December 2020 has also been provided in the said circular.

**General Circular No. 36/2020 File No.2/01/ 2020-CL-V,
Government of India, Ministry of Corporate Affairs**

Dated: 20th October, 2020

Special Measures under the Companies Act, 2013 and Limited Liability Partnership Act, 2008 in view of COVID- 19 outbreak - Extension - reg.

Central Government keeping view of the requests received from various stakeholders seeking relaxation from the residency requirement of 182 days in a year and after due examination, clarified that non-compliance of minimum residency in India for a period of at least 182 days in a year, by at least one director in every company, under section 149 of the Companies Act, 2013 shall not be treated as non-compliance for the financial year 2020-2021 also.

Insolvency and Bankruptcy Board of India

No. IBBI/RVO/34/2020 09th October, 2020

**Meetings of the Disciplinary Committee and
Appellate Panel of the RVOs.**

The Board advises the RVOs to ensure the following while conducting the meetings of the DC and AP of the RVOs:

- a. Meetings of the DC and AP should be held only if there is an agenda for the meeting. Accordingly, the meeting of the DC will be held for considering the issue or disposal of a show cause notice (SCN) to a member. The meeting of an AP would be held to consider the issues raised in the appeal filed by the aggrieved against the order passed by the DC;
- b. Meetings are to be held preferably, through an appropriate Video Conferencing (VC) facility, keeping in view the current pandemic;
- c. One week's notice is to be given to all the members for holding any meeting and notice for the same is to be sent through email;
- d. The minutes shall be signed by the members of the committee present during the meeting;
- e. The quorum for the meeting should be as provided in the Bye laws of the RVO but should be a minimum of two members including the Chairperson and;
- f. If a member of the committee is related to the person against whom action is proposed by the DC or AP, or there is any other issue of conflict of interest, the member shall recuse himself/herself from the proceedings.
- g. Other conditions:
 - i. Governing Board of the RVO shall be the sole authority for fixing the amount of sitting fee to be paid to the members of the DC and AP, but it cannot be less than the amount payable to the independent director as sitting fee;

ii. In case, any of the member who has been nominated by the IBBI does not agree to the amount of fee proposed to be paid, than RVO shall bring this fact to the notice of IBBI within seven days, upon which another person will be nominated; and

iii. The tenure of IBBI's nominee shall, in general be for two years from the date of appointment, unless decided otherwise by the IBBI.

RESERVE BANK OF INDIA

RBI/2020-2021/55 DoR(PCB).BPD.Cir No.4/12.05.001/2020-21
October 13, 2020

Submission of returns under Section 31 (read with section 56) of the Banking Regulation Act, 1949 - Extension of time

In view of the difficulties faced by UCBs in finalizing the financial statements amidst the COVID-19 pandemic, Government of India, on the recommendation of the Reserve Bank, has issued a Gazette Notification No. S.O. 3377(E) dated September 29, 2020 (copy enclosed) declaring that the provisions of Section 31 read with clause (t) of Section 56 of the Act shall not apply to Primary Co-operative Banks till December 31, 2020. Accordingly, all UCBs shall ensure submission of the aforesaid returns to the Reserve Bank on or before December 31, 2020.

Since the Banking Regulation (Amendment) Act, 2020 has not been notified for the State Co-operative Banks and Central Co-operative Banks as yet, they are required to furnish three copies of accounts and balance sheet together with auditor's report as returns to the Reserve Bank and the National Bank (NABARD), in terms of Section 31 read with Section 56 (t) of BR Act, within six months from the end of the period to which they refer, i.e., by September 30, 2020 for the financial year 2019-20.

However, taking into account the difficulties being faced by the State Co-operative Banks and Central Co-operative Banks due to the ongoing COVID-19 pandemic, the Reserve Bank hereby extends the period for furnishing of the returns under Section 31 of the Act for the financial year ended on March 31, 2020 by a further period of three months in terms of the first proviso to the above section. Accordingly, all State Co-operative Banks and Central Co-operative Banks shall ensure submission of the aforesaid returns to the Reserve Bank and NABARD on or before December 31, 2020.

PRESS RELEASES

**Ministry of Corporate Affairs
20 SEP 2020**

Government struck off 3,82,581 shell companies during last 3 years

The Government has undertaken a Special Drive for identification and strike off Shell Companies. Based on non-filing of Financial Statements (FS) consecutively for two years or more, companies were identified and after following due process of law as provided under Section 248 of the Companies Act, 2013 read with the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016, there are 3,82,581 number of Companies were struck off during the last three years.

The term "Shell Company" is not defined under the Companies Act. It normally refers to a company without active business operation or significant assets, which in some cases are used for illegal purpose such as tax evasion, money laundering, obscuring ownership, benami properties etc. The Special Task Force set up by the Government to look into the issue of "Shell Companies" has inter-alia recommended the use of certain red flag indicators as alerts for identification of Shell Companies.

**Ministry of Corporate Affairs
14 SEP 2020**

Relaxation/concession provided to Companies/LLPs during Lockdown period to combat COVID-19

The Ministry of Corporate Affairs has taken steps to provide several incentives/relaxation/concession during Lockdown period so as to reduce the burden of companies/LLPs during COVID-19.

The Following steps were enumerated:

- Introducing Companies Fresh Start Scheme 2020 (CFSS) vide General Circular 12/2020 dated 30.03.2020 to enable companies to file documents without additional fees, granting immunity from prosecutions proceeding, etc.
- Introducing LLP Settlement Scheme, 2020 providing similar benefits as CFSS 2020 for the benefits ofLLPs.
- Introducing Special Provisions for enabling conduct of Board and General Meetings through Video conferences by Corporates vide General Circular No 14/2020.
- Introducing Special provisions for filings under section 124 &125 r/w IEPFA (Accounting, Audit, Transfer and Refund) Rules 2016.
- Introducing Special Relaxation in holding of General Meeting by Companies whose Financial Year ended on 31st December 2019 vide General Circular dated 21-04-2020 and holding it through Video conferences vide General Circular No. 20/2020 and 28/2020.

- Allowing corporates for spending CSR funds for various activities which includes Healthcare, sanitation and disaster management.
- A general extension of 3 months to hold Annual General Meeting for the Financial year 2019-2020 beyond 30.09.2020 has been granted to all about 12 lakhs companies by issue of order by each ROC on 08.09.2020 without any requirement to file any application of the form and without payment of fee.

Ministry of Corporate Affairs

14 SEP 2020

Violation of provisions of Company Law by the Companies

The Ministry of Corporate Affairs (MCA) has information of the companies which have violated the provisions of Company Law.

MCA either directly or through Regional Directors (RDs)/ Registrar of Companies (ROCs) receive complaints against companies from public (Individual/entities), from other Ministries etc., which are examined and action is taken as per the provisions of the Companies Act, 2013 which includes ordering and conducting Inquiries, Inspections or Investigations in terms of section 206(1),(4),(5), section 210 and section 212 of the Companies Act, 2013 respectively as the case may be on merits of each case in complaints of such nature involving fraud which require multi-disciplinary action, where large public interest and huge money transactions are involved are assigned to the Serious Fraud Investigation Office (SFIO) by the MCA.

The details of Inquiries/Inspections/Investigations ordered during last two years from 2018-19 and 2019-20 as under:

No. of Inquiry ordered u/s 206 (4)	No. of Inspection ordered u/s 206 (5)	No. of Investigation ordered u/s 210	No. of Investigation ordered u/s 212 for SFIO
878	674	167	59

The reasons for ordering Inquiries/Inspections/Investigations varies from case to case such as frauds, non-compliance of the provisions of the Companies Act, non-refund of deposit received from public under the Companies Act, complaints received from other Ministries, Forwarding the complaints filed by the banks on borrowings by the companies and on the basis of orders of Hon'ble Court/Tribunal.

There are 660 number of cases in which enquiry has been conducted. Based on the findings, prosecutions are filed under the provisions of the Companies Act, 2013, the Minister said.

Ministry of Corporate Affairs

08 SEP 2020

General order for extension of time to hold AGM for FY 2019-20

A big Relief is given by Ministry of Corporate Affairs (MCA) to around 12 lakhs companies today by extending the timeline for holding Annual General

Meeting till December 31st from September 30th.

MCA issued directions to RoCs to issue orders without filing of formal application and payment of fee. Even applications already filed but not approved or rejected are also covered for this relief.

MCA is extending this timeline due to COVID-19 and Meeting the demand from various associations for extending time to hold AGM. This is for the first time that such relief generally is given to all companies.

INDEPENDENT DIRECTORS....

A company acts through its board of directors. It is the duty and responsibility of the directors to ensure that proper systems and controls are in place for financial reporting and to monitor the efficacy of such systems and controls. While the extent of responsibility of an independent director may differ from that of an executive director, an independent director has the duty of care. This duty calls for exercise of independent judgment with reasonable care, diligence and skill which should be reasonably exercised by a prudent person with the knowledge, skill and experience which may reasonably be expected of a director in his position and any additional knowledge, skill and experience which he has.



CS Divya Abhishek

In India, the gravity of Independent Directors was recognized with the introduction of corporate governance. The Companies act 2013 has specifically codified the roles and responsibilities of the ID through the provisions of Section 149 and Schedule IV read along with Companies (Appointment and Qualification of Directors) Rules. Further, in the case of listed companies Clause 49 of the Listing Agreement will be applicable.

Which Companies Need to Appoint Independent Director:

- 1) Every listed public company shall have at least one-third of a total number of directors as Independent Directors.
- 2) Unlisted public company having
 - a) Paid-up share capital of Rs. 10 crores or more.
 - b) Turnover of Rs. 100 crore or more.
 - c) Aggregate outstanding loans, debentures, and deposits, exceeding Rs. 50 crores should appoint at least 2 Independent Directors on board.

Exemption from appointment of Independent Director is specifically provided for an unlisted public company being i) Joint venture ii) Wholly owned subsidiary iii) Dormant company

Eligibility Conditions for Appointment:

Any person who is interested in becoming an Independent director of a company is required to register themselves in the independent director databank maintained by Ministry of Corporate Affairs (MCA) in association with Indian Institute of Corporate Affairs (IICA). The Companies which are appointing such directors may select from this databank. The appointment of independent director must then be approved by the company in general meeting and the explanatory statement annexed to the notice of the general meeting.

The existing independent directors of companies must register into the databank on or before December 31,2020.

The application for inclusion of his name in the data bank may be for a period of one year or five years or for his life-time.

Once name has been included in the databank it is mandatory for such individual to pass an online proficiency self-assessment test conducted by the institute within a period of 1 year from the date of inclusion of his name in the data bank, failing which, his name shall stand removed from the databank of the institute.

Exemption is provided to directors from taking the online proficiency self-assessment test, when he has served as a director or key managerial personnel, for a total period of not less than 10 years, as on the date of inclusion of his name in the databank, in one or more of the following,:-

- (a) listed public company;
- (b) unlisted public company having a paid-up share capital of Rs 10 crores or more;
- (c) body corporate listed on a recognized stock exchange.

Responsibility with respect to Meetings on appointment for Independent director:

Once appointed, it is mandatory for the Independent director to declare his independence at the first meeting of the board and at the first meeting of every financial year subsequently or when there is a change in the circumstances which may affect his status as independence.

At least one meeting should be held in a financial year without the presence of non-independent directors wherein all Independent director's must strive to attend. The meeting can also be held through video conferencing mode after due compliance with the manner in which it is to be conducted. Schedule IV has laid out the mandatory agenda which needs to be adhered to during such meeting.

An Independent director is required to attend board meeting called at shorter notice. In the event where he is not able to attend the board meeting called at a shorter notice, the decision taken at such meetings shall be final only on ratification by an Independent director.

Term of Appointment of Independent director:

The Independent director shall be appointed for a maximum term of 5 years and can be re-appointed for another term of 5 years only by a special resolution. The term shall not be more than 2 consecutive terms. MCA circular no. 14/2014 dated 9th June, 2014 clarifies that Independent director can be Appointed for less than 5 consecutive years.

Any vacancy in the office of Independent director shall be filled in the very next Board Meeting or within 3 months of such vacancy, whichever is later.

Remuneration payable to Independent Director:

An Independent director can receive remuneration only by way of

- a) Sitting fees for attending Board meetings (Maximum of Rs 1,00,000 per meeting)

- b) Reimbursement of expenses relating to meeting attended and
- c) Profit related commission as approved by members.

Companies Act 2020 has introduced provisions for allowing payment of adequate remuneration to Independent directors in case of inadequacy of profits by aligning the same with provisions for remuneration to executive directors in such cases ie Independent directors are now entitled to receive remuneration even if the company does not make profits.

Liability

The Act, 2013, has sought to balance the wide nature of the obligations, functions and duties imposed on an Independent director. Section 149 (12), restricts and limits the liability of Independent director's to the matters which are directly relatable to them.

The Ministry of Corporate Affairs through circular dated 2 March 2020 provides a clarification that both civil and criminal prosecution filed as well as internal adjudication proceedings initiated by the Registrar of Companies (Registrar) shall not be unnecessarily be initiated against Independent director's unless sufficient evidence exists against them.

Keeping the above provisions in mind, the Companies act 2013 has opened up opportunities for many professionals to enlist themselves on the independent director databank and have an equal opportunity of appointment to Companies in need of the same.

In a revised framework of the post-COVID market scenario, independent directors will need to revitalise their role to protect their company from the envisaged economic distress and challenges. An additional duty for these governance-guardians of the board is to ensure that their companies put in place adequate guidelines and policies to safeguard the company's stakeholders.

HOLDING BOARD AND GENERAL MEETING THROUGH VC

(Contributed by CS A Sekar)

In the wake of COVID-19 pandemic, it has been seen that there have been more meetings (Board as well as General Meetings) through Video Conferencing (VC) or Other Audio-Visual Means (OAVM). Specifically, with respect to general meetings, most of the listed companies have held their Annual General Meetings through VC. Further, it is noteworthy that even unlisted companies (closely held public companies and private companies) who have been able to finalise their audited financial statements have held the Annual General Meeting (AGM) through VC.

The Ministry of Corporate Affairs (MCA) has really shown a human face and understanding of the practical ground realities arising out of the pandemic situation to issue General Circulars enabling and defining the framework for holding general meetings (both AGM as well as Extra Ordinary General [EGM] through VC or OAVM).

In the following paragraphs, a brief analysis has been attempted to explain the enabling framework for conduct of Board and General Meetings through VC or OAVM.

1. Board Meetings:

Section 173 read with Rules 3 and 4 of The Companies (Meetings of Board and its Powers) Rules, 2014 govern the framework for holding and conducting Board Meetings as well as those of committees of the Board through VC or OAVM. The framework by and large remains except for a significant amendment, which is tabulated below: -

Situation before COVID-19 pandemic	Situation Now - COVID-19 times
<p>Matters specified in Rule 4(1) shall not be dealt with in any meeting held through VC. These matters are: -</p> <ul style="list-style-type: none">• Approval of Financial Statements, Directors' Report and Prospectus• Audit Committee Meeting for approval of financial results• Approval for matters relating to merger, demerger, amalgamation, acquisition and takeover <p>It has been explained that physical quorum is required to transact the above business, if VC or OAVM facility is extended to a Board or Committee meeting in addition to physical presence of some directors.</p>	<p>Rule 4(2) inserted by Companies (Meetings of Board and its Powers) Amendment Rules, 2020 as per which there is relaxation allowing the transaction of business items covered by Rule 4(1) in a meeting held through VC till 31st December, 2020.</p> <p>What this means is that the requirement of physical quorum has been removed and these matters can be validly transacted in a Board or Committee meeting held through VC or OAVM till 31st December, 2020</p>

2. General Meetings:

2.1 Enabling provisions: - The Companies Act, 2013 do not contain any provision (either in the Act or in the rules made thereunder) for conduct of general meetings through VC or OAVM. However, considering the pandemic situation, MCA has come out with a series of general circulars outlining the framework for conduct of general meetings through VC or OAVM. The following table depicts the governing framework: -

MCA GENERAL CIRCULAR REFERENCE	COVERING	VALIDITY
14/ 2020 dated 08.04.2020; 17/2020 dated 13.04.2020; 22/2020 dated 15.06.2020 and 33/2020 dated 28.09.2020	Holding of EGM for passing Ordinary/ Special resolutions through Video Conferencing (VC) or other Audio-Visual Means (OAVM)	Up to 31.12.2020 and in case of items for which postal ballot is permitted, till 31.12.2020
18/2020 dated 21.04.2020	Extension of due date of AGM to 30.09.2020 for companies whose financial year has ended on 31.12.2019	Up to 30.09.2020
20/2020 dated 05.05.2020; 28/2020 dated 17.08.2020 read with respective ROC orders	Holding of AGM through VC or OAVM	For the Calendar Year 2020 up to 31.12.2020

2.2 Eligibility to conduct meeting through VC or OAVM

Distinct framework has been provided based on whether company is providing e-voting facility or not.

Companies providing e-voting facility

- All companies which are required to provide e-voting facility AND
- Companies which have opted to provide the e-voting facility

Companies not providing e-voting facility

Companies which have in their records the email addresses of at least half of its total number of members who

- In case of Nidhi Companies, hold shares of more than Rs. 1,000/- in face value or more than 1% of paid up share capital, whichever is less
- In case of companies with share capital, represent not less than 75% of paid up capital which have right to vote
- In case of companies not having share capital, represent not less than 75% of total voting power exercisable at the meeting

2.3 Public Notice and its contents

2.3.1 Company providing e-voting facility

The following contents shall form part of the public notice for e-voting to be sent through e-mail: -

- i. a statement that the EGM/AGM shall be convened through VC or OAVM;
- ii. date and time of the EGM/AGM;
- iii. availability of notice on the website of the company and stock exchange, if required;
- iv. the manner in which the following can cast their votes:
 - a. physical shareholders; and
 - b. who have not registered their email addresses with the company;
- v. the manner in which the persons can get their email addresses registered;
- vi. any other detail considered necessary by the company

2.3.2 Company not providing e-voting facility

The company shall contact all the members whose e-mail addresses are not registered with the company over telephone/any other mode, before sending notice to all the members

Where contact details of any member are not available, company shall issue a public notice / advertisement in English language in English newspaper and in vernacular language in a vernacular newspaper having wide circulation in that district and in the electronic editions

Contents of the public notice shall be as follows: -

- i. a statement that the EGM/AGM shall be convened through VC or OAVM; and the company proposes to send the notice by email at least 3 days from the date of publication of the public notice;
- ii. the details of the email address along with the phone number on which the members may contact for getting their e-mail addresses registered for participation and voting in the Meeting

2.4 Disclosures in Notice

Following disclosures are required to be given in the Notice

- General Meeting is being convened through VC or OAVM in compliance of MCA circulars
- Members of the Company joining through VC or OAVM shall be reckoned for the purpose of Quorum
- Facility to appoint proxies to attend and vote for the members is not available for this general meeting
- Copies of the Annual Report in case of AGM and notice of EGM/AGM is

being sent only by email to the members and to all other persons so entitled and who have registered their email addresses with the Company/ Depository Participant (DP)/Company's RTA.

2.5 *Despatch of Annual Report and Notice*

The notice of AGM along with Annual Report needs to be sent to the members only through email.

Physical despatch is not mandatory

If postal services are resumed, notice & Annual Report may be sent through post & other permitted modes but other necessary compliances will still be required.

2.6 *Maintenance of Transcripts and Minimum standards of VC/OAVM facility*

Transcripts	The recorded transcript of EGM/AGM shall be maintained by the company. In case of public company, the recorded transcript shall also be made available on the website of the company ASAP.	The recorded transcript of EGM / AGM shall be maintained by the company. In case of public company, the recorded transcript shall also be made available on the website of the company ASAP.
Standards of VC/OAVM facility	<ol style="list-style-type: none"> 1) Ensure two-way tele-conferencing for ease of participation 2) VC/OAVM facility must have capacity to allow at least 1000 members to participate on first come first served basis (FCFS) 	<ol style="list-style-type: none"> 1) Ensure two-way tele-conferencing for ease of participation 2) VC/OAVM facility must have capacity to allow at least 500 members or members up to total number of members to participate on first come first served basis (FCFS).

2.7 *Attendance of proxies, authorised representatives, independent directors and auditors*

SR NO.	CATEGORIES OF PERSONS ATTENDING THE MEETING	PROVISIONS IN THE CIRCULARS
1	Proxies	Since physical attendance is dispensed with, there is no requirement for appointment of proxies and accordingly facilities for appointment of proxies will not be available

SR NO.	CATEGORIES OF PERSONS ATTENDING THE MEETING	PROVISIONS IN THE CIRCULARS
2	Authorised Representatives	Authorised Representatives pursuant to Sec 112 and Sec 113 may be appointed for e-voting at the meeting held through VC or OAVM or for voting through remote e-voting.
3	Independent Director	At least one independent director, where there is one shall attend the meeting held through VC or OAVM
4	Auditor or his representative	Auditor or his authorised representative, who is qualified to be auditor shall attend the meeting held through VC or OAVM.

2.8 *Role of Chairman*

Unless the articles require any specific person to be appointed as a Chairman for the Meeting, the Chairman for the Meeting shall be appointed in the following manner: -

- i. where there are less than 50 members present at the Meeting, the Chairman shall be appointed in accordance with section 104;
- ii. in all other cases, the Chairman shall be appointed by a poll conducted through the e-voting system during the Meeting.

The Chairman shall satisfy himself and cause to record the same before considering the business in the meeting that all efforts under the circumstances have indeed been made by the company to enable members to participate and vote on the items being considered in the meeting.

2.9 *Inspection of Documents*

Documents mentioned in explanatory statement, statutory register, Certificate from Statutory Auditor in case of ESOP, Pref Allotment by Listed entity etc. must kept available for inspection at the meeting

Such documents can be uploaded on the website of the company and a link of the same can be provided in the notice

2.10 *Participation of members in a meeting and Shareholder Queries*

The following rules are to be followed with respect to participation of members in a meeting: -

- Members be requested to inform their attention to attend the meeting based on which meeting link, User ID and password be shared with each member.
- Better to generate individual ID and password, if the VC system allows
- Facility to join meeting 15 minutes before start time and shall not be closed 15 minutes after scheduled time.

- Video of members shall be kept open but they can be muted for proper management
- Unique Member login can be used for the purpose of attendance and identification.

As regards shareholder queries, the following are the points to be taken care:

- VC facility shall allow two-way video conferencing
- Listed Companies may request members to send in their queries
- Listed Companies may request members to intimate in advance their intention to speak at the meeting indicating therein the agenda item about which they intend to speak.
- Opportunity to speak first be provided for registered requests and thereafter to others.
- Members cannot be denied their right to speak
- For smooth conduct of meeting, company may mute and unmute individual members on a case to case basis.
- Queries may also be allowed to be posted from Chat Box.

2.11 *Voting on resolutions*

Where e-voting facility is required to be offered / where the company opts to offer e-voting facility

The Chairman shall ensure that the facility of e-voting system is available for voting during the Meeting held through VC/OAVM.

Where company is not required to and does not offer e-voting facility

- a) Designated e-mail id for voting should be sent to all members at the time of sending notice of meeting so that the members can convey their vote, when a poll is required to be taken during the meeting on any resolution.
- b) Confidentiality of passwords and other privacy issues associated with the designated email address shall be strictly maintained by the company at all times. Due safeguards with respect to authenticity of email id and other details of members shall also be taken by the company
- c) Voting shall be done only through the registered e-mail address that are registered with the company and sent only to the designated email id sent to the members in advance as per a) above.

2.12 *Voting at the General Meeting*

In case of Companies providing e-voting

- Before the meeting: Remote e-voting
- During the meeting:
 - VC should ideally be integrated with e-voting

- Login facility through ID and Password
- Voting through poll
- Voting during the meeting as per instruction of Chairman

In case of Companies not providing e-voting

- Clear instructions for manner of voting during the general meeting shall be provided in the notice of the meeting and on the day of meeting
- Ensure that only members attending the meeting are allowed to vote by:
 - Allowing only those members to vote who join the meeting through VC / OAVM
 - Post voting cross checking the votes with the list of members who have attended
- VC facility itself should provide for login and voting
- Voting during the meeting should be enabled only for a specified period of time.

When to order Poll In case of Companies not providing e-voting

- 1) Chairman has to order poll,
 - Where no. of members is 50 or more
 - Where no. of members is less than 50 and poll is demanded as per Section 109
- 2) During the meeting, after resolutions are taken up, Chairman may seek vote on the resolutions to be sent to designated e-mail id through their registered e-mail id
- 3) Chairman shall specify time up to which voting may be done
- 4) In case, counting of votes requires time, the said meeting may be adjourned and called later to declare the results.

2.13 *Post Meeting Compliances*

- ✓ Upload the transcript of meetings on
 - website (if any) of unlisted public companies
 - Website of listed public companies
- ✓ Declare voting results
- ✓ Filing of resolutions
 - Within 30 days with respect to matters covered in Section 117 read with Section 179(3) of CA 2013 in MGT 14
 - Within 60 days with respect to all resolutions passed in accordance with the mechanism of VC / AOVVM clearly indicating that the mechanism provided herein along with other provisions of the Act and the rules were duly complied with.

2.14 *Dividend Payment*

- a. The companies shall make adequate provisions for allowing the members to give their mandate for receiving dividends directly in their bank accounts through the Electronic Clearing Service (ECS) or any other means.
- b. For shareholders, whose bank accounts are not available, company shall upon normalization of the postal services, dispatch the dividend warrant/cheque to such shareholder by post.

2.15 *Special points for unlisted companies*

Most practitioners are dealing with unlisted companies (Private companies, small companies, Section 8 companies and closely held unlisted companies). It has to be ensured that email id of all members is captured on record. If email id of any member is not available on record, public notice by way of advertisement must be issued. This provides an excellent opportunity to update company records with respect to members.

There is scope for practitioners may offer professional assistance to these companies in conducting meetings through VC.

3. Looking forward

The framework for conduct of board and general meetings through VC or OAVM as discussed in the foregoing paragraph is intended to be operational now only till 31st December, 2020. Going by the experience as also given that the pandemic is yet to abate, it is likely that there would be further brainstorming based on which the framework with some modifications could be extended even post pandemic and is likely to become the new normal.