



Snehal Shah

B.Com., FCS, LL.B.
+91 9821 778811

Snehal Shah & Associates

COMPANY SECRETARIES

501, Shreeji Arcade Premises, Jn. of S. V. Road & M. G. Road, Kandivali (West), Mumbai 400067
Office No. : + 91 97693 51780 | Email: snehalshah_19@yahoo.com | snehalshahpcs@gmail.com

Some important changes happened in the Corporate and Legal world in the month of August, 2020 are:

1. Extension for Dispatch of Notice by Listed Companies for Rights Issue opening upto 31st December, 2020.

- Ministry of Corporate Affairs vide Circular dated 3rd August, 2020 has issued a clarification for Extension regarding Opening of Rights Issue by Listed Companies.
- In view of difficulties faced by companies regarding mode of dispatch of notice under Section 62(1)(a)(i) i.e dispatch of Notice through postal or courier services for Rights Issue by listed companies as per Section 62(2).
- It has been clarified that Inability to dispatch the notice to shareholders by listed companies through Registered Post or Speed post will not be viewed as a violation of Section 62(2) of the Act due to COVID-19 situation.

Impact: This extension has provided relaxation for dispatching Notice by listed companies in case of Rights Issue for complying with the provisions of the Act upto 31st December, 2020.

2. Amendment to Companies (Corporate Social Responsibility Policy) Rules, 2014

- Ministry of Corporate Affairs vide Notification dated 24th August, 2020 issued an Amendment to Companies (Corporate Social Responsibility Policy) Rules, 2014 of Companies Act, 2013.
- These rules may be called the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020. They shall come into force on the date of their publication in the Official Gazette.
- In Rule 2(1)(e) the following provision shall be inserted:

“Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22 and 2022-23 subject to the conditions that-



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- (i) such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act.
 - (ii) details of such activity shall be disclosed separately in the Annual Report on Corporate Social Responsibility included in the Board's Report"
- Rule 4(1) states that,
"The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), "excluding activities undertaken in pursuance of its normal course of business"
The words "excluding activities undertaken in pursuance of its normal course of business" shall be omitted.
- In Rule 6(1):
- (i) First proviso, the words "Provided that the CSR Activities does not include the activities undertaken in the normal course of business" shall be omitted
 - (ii) Second proviso states that, "Provided further that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the areas or subjects specified in Schedule VII of the Act." In this provision the word "further" shall be omitted.

Impact: These amendments have been brought to promote the research and development activity of new vaccine, drugs and medical devices in the normal course of business which will help in fighting against COVID-19 at a faster pace and increasing the brand value and goodwill of the company.

3. Amendment to Companies (Management and Administration) Rules, 2014

- Ministry of Corporate Affairs vide Notification dated 28th August, 2020 issued an amendment to Companies (Management and Administration) Rules, 2014.
- These rules may be called the Companies (Management and Administration) Amendment Rules, 2020. They shall come into force on the date of their publication in the Official Gazette.



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- In the Companies (Management and Administration) Rules, 2014, in rule 12(1), the following proviso shall be inserted, namely:-
"Provided that a company shall not be required to attach the extract of the annual return with the Board's report in Form No. MGT9, in case the web link of such annual return has been disclosed in the Board's report in accordance with sub-section (3) of section 92 of the Companies Act, 2013.

Impact: Extract of Annual Return in Form No. MGT-9 is not required to be attached to Board's Report of the Company if the website link for the same is provided in the Board's Report.

4. Extension of time for Holding Annual General Meeting (AGM) for the Financial Year 2019-20.

- Ministry of Corporate Affairs vide Circular dated 8th September, 2020 issued an order for Extension of AGM for the Financial Year 2019-20.
- As per Section 96 of Companies Act, 2013,
 - Every Company other than One Person Company shall hold AGM within six months from the end of each Financial Year. The Registrar has powers to extend the time for holding AGM under special circumstances.
 - In case of First AGM, it should be held within nine months from the end of First Financial year. The Registrar cannot extend the time limit for holding AGM in such a case.
- In view of various representations received, the Ministry of Corporate Affairs has extended the time for holding AGM other than First AGM by three months from 30th September, 2020 due to COVID-19 situation.
- Therefore, the due date for holding AGM is 30th December, 2020. There is no requirement for filing GNL-1 for seeking extension of AGM for the Financial year 2019-20.

Impact: The order passed have been in favour of companies as the AGM can now be held on or before 30th December, 2020 thus saving time, cost and risk of non-compliance by companies.



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We suggest readers to draw their conclusions after taking into consideration various other relevant sections, rules to be notified from time to time and applicable Secretarial Standards, Accounting Standards and Guidance notes and other notifications, circulars and amendments notified from time to time.

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