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Steps taken by the Indian Government to Curtail COVID-19 Outbreak

(The Unlock 1.0 Guidelines)

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1. The Government of India had imposed 4 nationwide lockdowns to contain the spread of COVID-19 epidemic in the country through various orders issued by the National Disaster Management Authority (NDMA).
2. In exercise of the powers under section 6(2)(i) of the Disaster Management Act, 2005, NDMA has directed to issue an order to extend the lockdown in Containment Zones upto 30th June 2020 and to re-open prohibited activities in phased manner in areas outside Containment Zones through "Guidelines for Phased Re-opening (Unlock-1) having Order No. 40-3/2020-DM-(I) (A) dated 30.05.2020.
3. The Chairperson, National Executive Committee (NEC) in the exercise of powers conferred under Section 10(2)(I) issued guidelines to all Ministries/Government Departments, State/UTs Government and Authorities for strict implementation of revised guidelines.
4. Phased re-opening of areas outside the Containment Zones: All activities have been permitted except the below mentioned which will be allowed, with stipulation of following the Standard Operating Procedures (SOPs) as prescribed by the Ministry of Health and Family Welfare (MoHFW) in phased manner:
 - (i) Phase 1: The following activities will be allowed w.e.f. 8th June 2020-
 - a) Religious Places to be open for public
 - b) Hotels, restaurants and other hospitality services
 - c) Shopping malls
 - (ii) Phase 2: Schools, colleges, educational/ training/coaching institutions etc will be opened after consultations with States

and UTs and the decision shall be taken in the month of July, 2020.

- (iii) Phase 3: The decision to re-start following activities shall be taken after assessing the COVID-19 situation:
 - a) International air travel, except as permitted by MHA
 - b) Metro Rail
 - c) Cinema halls, gyms, swimming pools, entertainment parks, theatres, bars and auditoriums and similar places
 - d) Social/ Political/ sports/ entertainment/academic/cultural/religious functions and other large congregations.

Start date for Phases 2 and 3 are not yet declared and would depend on the progress of Phase 1 and thereafter Phase 2.

- 5. **Containment Zone:** MOHFW defines the containment zone as a specific geographical area where positive cases of corona virus are found. Strict movement restrictions are put in place in such areas to prevent further spread of the virus. The zones are conceived to map the local transmission of the disease and prevent the contagion from spreading. Following are the activities in these areas:
 - (i) Strict perimeter control
 - (ii) Establishment of clear entry and exit points
 - (iii) Movement of persons only for essential services
 - (iv) No unchecked influx of people and transport
 - (v) Recording of details of people moving in and out.
 - (vi) Intensive contact tracing
 - (vii) House-to-house surveillance
 - (viii) Other clinical interventions

Other Relevant Factors of Unlock 1

- 6. Night Curfew: The movement of individuals is strictly prohibited between 9.00 pm to 5.00 am, except for essential activities under section 144 of (Indian) Criminal Procedure Code.
- 7. Unrestricted Movement of Persons and Goods: The following has been allowed under the new Guidelines as part of Unlock-1:
 - a) No restriction on inter-State and intra-State movement of persons and goods and no separate permission needs to taken

for the same except as decided by the State/UT to restrict such movement for reasons of public health.

- b) Movement by passenger trains and Shramik special trains
- c) Domestic air travel
- d) Movement of Indian Nationals stranded outside the country and of specified persons to travel abroad
- e) Evacuation of foreign nationals
- f) Sign-on and sign-off of Indian seafarers shall be regulated as per the SOPs issued
- g) No State/UT shall stop movement of cargo for cross border trade under Treaties with neighboring countries.

8. Civil/ Criminal Liability for Violation of Lockdown Measures- As per the guidelines any person violating these measures will be liable to be proceeded against as per the provisions of Section 51 to 60 of the Disaster Management Act 2005 besides legal action under Section 188 of the Indian Penal Code and other legal provisions as applicable

9. Ongoing noteworthy developments to Address business disruptions and to provide relief to businesses:

- a) On March 24, 2020 Finance Minister announced a slew of relief measures for tax payers and businesses and indicated the newly formed Economic Task Force is working on a fiscal package to shield the economy against the rapidly spreading pandemic. Among the relief measures (i) the minimum threshold to trigger corporate insolvency proceedings is being increased from INR 100,000 to INR 10 Million and companies with a turnover of less than INR 50 Million will not have to pay any interest, penalty, or late fee for filing late returns (which is a major relief for SMEs facing financial distress from economic crisis caused by the outbreak); (ii) for tax payers, due date for filing tax returns are extended to June 30th, 2020 and interest rate on delayed income tax returns and TDS deposits lowered to 9% from 12% and 18% respectively; (iii) for companies, deadlines for filing returns towards the month of March, April and May are also extended to June 30, 2020; & (iv) various mandatory requirements for company compliances (such as quarterly board meetings and MCA 21 registry filings are being relaxed during the crisis period).
- b) On 13th May 2020 Union Finance Minister announced measures under "Atmanirbhar Bharat Abhiyaan" to help

businesses, including MSMEs, recover from the economic damage caused due to coronavirus pandemic. Some of the key points are as given below:

- (i) Government of India will facilitate provision of Rs. 200,000 Million as subordinate debt for stressed MSMEs.
- (ii) Rs 500,000 Million equity infusion for MSMEs through fund of funds
- (iii) Rs 30,000 Million collateral-free automatic loans for businesses, including MSMEs
- (iv) Global tenders to be disallowed in Government procurement up to Rs 2000 Million
- (v) Rs. 900,000 Million Liquidity injection for Power DISCOMs
- (vi) Rs 25000 Million EPF support for Business and workers for 3 more months.
- (vii) Rs 500,000 Million liquidity through TDS/TCS rate reduction.
- (viii) Due date of all income-tax return for the financial year 2019-20 has been extended.

Directions issued by various Ministries/Departments during COVID-19 for Companies in INDIA

With the spread of Corona Virus in India the Indian Government and various ministries have introduced several advisories and measures for companies doing business in India and facing challenges during this pandemic. These are as given below:

- a) Ministry of Corporate Affairs (MCA) vide its general circular no. : 1/2020 dated 24th March 2020 issued special measures for Companies and Limited Liability Partnership (LLPs) to reduce compliance burden and other risk. The key features of the circular are given as below:
 - No additional fees shall be charged for late filing during a 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.
 - 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 one-Time 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 shall be made applicable from the financial year 2020-2021 instead of being applicable from the financial year 2019-2020 notified earlier.
 - As per Para VII (1) of Schedule IV to the CA-13, Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non-independent directors and members of management. For the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. The IDs, 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.
 - 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.
 - 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. 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 a non-compliance for the financial year 2019-20.
- b) The ministry of corporate affairs (MCA) announced that funds spent on measures to tackle the Covid-19 outbreak including PM CARES Fund' and State Disaster Management Authority will be counted towards the corporate social responsibility (CSR) activity of companies, in MCA a circular. The circular clarified that the broad based items as per Schedule 7 of the CSR policy, which deals with the activities that constitute CSR activity, may be interpreted liberally for this purpose.
- c) The labour ministry through notification dated March 28 2020 amending the Employees' Provident Fund Scheme 1952 has allowed over 6 crore subscribers of retirement fund body EPFO to withdraw an amount not exceeding their three months basic pay and dearness allowance from their EPF account in view of the lockdown to fight COVID-19.

- d) The Securities and Exchange Board of India (SEBI), has relaxed compliance norms for companies and said the top 100 companies by market capitalization can hold their annual general meetings (AGMs) a month later than the usual stipulated August 31. There is also a relaxation in regulation relating certificate from a practicing Company Secretary on timely issue of share certificates by a month to 31st May. The yearly meeting of the nomination and regulation committee, stakeholders relationship committee, and the risk management committee can also be held by June 30 instead of March 31 as stipulated earlier. SEBI eased the deadline for public traded companies to file their earnings reports, among other steps, to help them cope with curbs imposed by the government to contain the spread of the coronavirus pandemic. Companies which had 45 days from the end of the quarter to file their quarterly earnings will now get an extra 45 days. Also, annual audited figures, which needed to be filed in 60 days have now be extended by a month. The deadline to file both has been extended till June 30.
- e) There has been relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and certain SEBI Circulars due to COVID-19 virus pandemic. (Details as per circular dated March 23, 2020, circular no. SEBI/HO/DDHS/ON/P/2020/41). SEBI further issued circular having circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 for all listed entities and All recognized stock exchanges, providing additional relaxation/clarifications in relation to compliance. The Ministry of Labour and Employment, Government of India, in their letter dated March 20, 2020 has advised all the employers of the public and private establishments not to terminate their employees during this time, particularly casual or contractual workers from job or reduce their wages. If any worker takes leave, he should be deemed to be on duty without any consequential deduction in wages for this period. Further, if the place of employment is to be made non-operational due to COVID-19, the employees of such unit will be deemed to be on duty.
- f) SEBI vide circular SEBI/CIR/CFD/DCR1/CIR/P/2020/83 dated 14th May 2020 provided for one time relaxations from strict enforcement of certain regulations of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Buy-Back of securities)

Regulation, 2018 related to open orders and buy-back tenders offers opening upto 31st July 2020.

g)MCA vide general circular no. 14/2020 and general circular no. 17/2020 provided clarification on passing of ordinary and special resolution for companies under the Companies Act 2013. MCA allows listed companies or companies with 1,000 shareholders or more which are required to provide e-voting facility, to conduct EGM through VC/ OAVM. For other companies, a highly simplified mechanism for voting through registered emails has been put in place for easy compliance. As an additional check, all companies using this option are required to maintain a recorded transcript of the entire proceedings in safe custody, and public companies are also required to host this transcript on their website for greater transparency. Further, all resolutions passed through this framework will be required to filed with the RoC within 60 days. Other safeguards have also been included in the Circular to ensure transparency, accountability and protection of interests of investors.