



## MCA relaxes Ordinary and Special Resolution for Companies due to COVID-19

MCA on Wednesday 8<sup>th</sup> April, 2020 has issued circular no. 14/2020 relaxing provisions for holding extraordinary meetings to be held through video conferences or any other Audio Visual means

Through such circular, the MCA has encouraged the companies to take all decisions of urgent nature which requires the approval of members requiring physical presence of members at a common venue, through the mechanism of postal ballot or e-voting in accordance with the provisions of the Companies Act, 2013 without holding a general Meeting.

It shall be noted that such procedures as prescribed needs to be adopted by the company for **conducting an extra ordinary general meeting (EGM) on or before 30th June, 2020.**

## Major key points of the circular as notified by MCA:

- This relaxation is not applicable for decisions of ordinary course or business where any person has right to be heard.
- Only Unavoidable extraordinary general meetings (EGMs) need to be held through video-conferencing (VCs) on and before 30.06.2020.
- The meeting shall be scheduled by taking into consideration the convenience of different persons positioned in different zones.
- Such VCs would need to have a capacity to allow at least **500 members** (for companies need not to provide facility of e-voting) and **1000 members** (for companies need to provide facility of e-voting) to participate on first come first serve basis.
- The participants shall also be allowed to pose questions concurrently or given time to submit questions in advance on the e-mail address of the company.
- The facility for joining the meeting shall be kept open **at least 15 minutes before the**

time scheduled to start the meeting and shall not be **closed till the expiry of 15 minutes** after such scheduled time.

- Attendance of members through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- At least one independent director (where the company is required to appoint) and the auditor or his authorized representative who is qualified to be the auditor shall attend such meeting through VC or OAVM.
- Notice of the meeting shall comprise clear disclosure with respect to the manner in which meeting shall be conducted, how to access and participate in the meeting, for use by the members.
- The company shall also provide the helpline numbers through the Registrar & Transfer Agent, Technology Provider or such other person as required for those members who need assistance with using the technology before or during the meeting.
- A copy of notice of meeting shall be published on the website of the company and all the required intimation may be made to the stock exchanges in case of listed company.
- All resolutions passed in accordance with this mechanism shall be filed with the Registrar of Companies (ROC) **within 60 days of the meeting.**

Further, it is important to note that the companies shall ensure that all other compliances associated with the provisions relating to general meetings viz. making

disclosures, inspection of related documents by members or authorization for voting by bodies corporate etc. as provided in the Companies Act, 2013 and the Articles of Associations of the company are made through electronic mode.

This is a very good initiative taken by Ministry and will definitely ease the difficulties faced by the companies for passing of ordinary and special resolution of urgent nature.

[Detailed circular of MCA can be found at the following link.](#)

**Sources: MCA circular dated 08.04.2020**

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