

## Regulatory Update | Covid-19

### Relaxations announced by Securities and Exchange Board of India due to Covid-19 – Compliance and Timelines

The Securities and Exchange Board of India (SEBI) has granted several reliefs / relaxations to ease the compliance burden on listed companies and other market intermediaries to enable them to cope with the unprecedented lockdown.

The measures announced by SEBI include extension in timelines for filing of various reports / disclosures, extension of timelines for holding AGM for top 100 listed entities, relaxation from filing consolidated financial results for certain companies, relaxation from holding Board / Audit Committee meetings etc.

The key measures announced by SEBI pertaining to compliance and timelines are summarized hereunder:

#### Compliance and Timelines

##### 1. SEBI Listing Regulations (LODR)

- Securities and Exchange Board of India (SEBI) has extended the timelines for certain filings required to be done by listed companies. Refer Annexure for details.
- Relaxation provided on the maximum time gap (120 days) required to be observed by listed companies between two board / Audit Committee meetings for the period 1 December 2019 and 31 July 2020. However, the Board / Audit Committee shall ensure that they meet at least four times a year.
- SEBI has attempted to encourage listing of Non-Convertible Debentures (NCDs) / Non-Convertible Redeemable Preference Shares (NCRPS) / Commercial Paper (CPs) while ensuring that existing listed companies are able to comply with their disclosure requirements:
  - Companies proposing to list their NCDs / NCRPs / CPs are now permitted to disclose their audited financials as on 30 September 2019 for their proposed issuance on or before 30 June 2020, granting them a much-needed relaxation.
  - SEBI has permit listed issuers who have issued NCDs /NCRPs / CPs, on or after 1 July 2020 and intend/propose to list such issued NCDs /NCRPs / CPs, on or before 31 July 2020, to use available financials as on 31 December 2019.
  - Timelines in relation to certain filings to be made for debt securities have been relaxed. Refer Annexure for details.
- The effective date of operation of SEBI circular on Standard Operating Procedure (which imposes fines for non-compliance with SEBI LODR) has been extended to compliance periods ending on or after 30 June 2020.
- Prior intimation to stock exchanges reduced to 2 days for Board meetings to be held till 31 July 2020.
- SEBI has allowed companies to use digital signature certifications for authentication / certification of filings / submissions made under the SEBI LODR to the Stock Exchanges till 31 December 2020.

- Top 100 listed entities whose financial year ended on 31 December 2019, can hold their AGM within 9 months from closure of financial year i.e. 30 September 2020.
- Listed companies which are banking and / or insurance companies or having subsidiaries which are banking and / or insurance companies, can submit standalone financial results for quarter ending 30 June 2020 instead of consolidated financial results.
- Timeline for submission of financial results for the quarter / half year / financial year ended 30 June 2020 is extended by one month to 15 September 2020.
- Requirements of meeting with Minimum Public Shareholding (MPS) for listed entities for whom the deadline to comply with MPS norms falls between 1 March 2020 to 31 August 2020 relaxed - no penal actions will be taken by Stock exchange.
- Listed companies to evaluate the impact caused by Covid-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, and disclose the same. An illustrative list of matters to be disclosed are as follows:
  - Impact of the Covid-19 pandemic on the business
  - Ability to maintain operations including the factories / units / office spaces functioning and closed down
  - Schedule, if any, for restarting the operations
  - Steps taken to ensure smooth functioning of operations
  - Estimation of the future impact of CoVID-19 on its operations
  - Impact on capital and financial resources, profitability, liquidity position etc.
  - Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business
  - Other relevant material updates about the listed entity's business

## 2. REIT, InvIT, AIFs and Portfolio Managers

- **Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InvITs)** - Due date of regulatory filings and compliances for the period ending 31 March 2020 has been extended by 1 month, over and above the extended timelines prescribed specified vide the SEBI circular dated 23 March 2020.

SEBI allows InvITs / REITs to conduct meeting of unitholders through Video Conferencing (VC) or through other audio-visual means (OAVM) till 30 September 2020, subject to compliance with prescribed conditions.

- **Alternative Investment Funds (AIFs) and Venture Capital Funds (VCFs)** - Regulatory returns for the period ending 31 March 2020, 30 April 2020, 31 May 2020 and 30 June 2020 can be filed on or before 7 August 2020.
- **Portfolio Managers** - Due date of monthly reporting for the period ending 31 March 2020 and 30 April 2020, has been extended by 2 months. Due date for applicability of guidelines for Portfolio Managers (issued by SEBI on 13 February 2020) has been extended to 1 October 2020.

## 3. SEBI Takeover Regulations

- SEBI has extended the timelines for filing disclosures under SEBI Takeover Regulations from 31 March 2020 to 1 June 2020 viz. The disclosure relates to:

- Continual disclosure requirements relating to (i) shareholding and voting rights of persons who (together with persons acting in concert) hold shares or voting rights of 25 percent or more in a listed entity; shareholding and voting rights of promoter (together with persons acting in concert) of listed entity; and
- Encumbrances made by promoters (together with persons acting in concert) other than those already disclosed during the financial year.

#### **4. SEBI Buy-Back Regulation**

Listed companies are allowed to raise further capital after expiry of 6 months (as against existing 1 year criteria) from the closure of buy-back period – relaxation available till 31 December 2020.

#### **5. Mutual Funds**

- All schemes [New Fund Offer (NFO)] where observation letter was issued by SEBI and is yet to be launched, shall have a validity period of 1 year from the date of SEBI letter.
- All new schemes (New Fund Offer) where final observation letter will be issued by SEBI will have a validity period of 1 year from the date of SEBI letter.
- Timelines for various filings required to be done by Mutual Funds has been extended.
- Timelines for compliance with the requirements of following policies, extended to 30 June 2020:
  - Risk management framework for liquid and overnight funds
  - Review of investment norms for mutual funds for investment in Debt and Money Market Instruments
  - Valuation of money market and debt securities
- Timelines for submission of cyber security audit report and annual reports of scheme has been extended to 31 August 2020.
- SEBI had introduced Stewardship Code for all Mutual Funds in relation to their investments in listed equities. Implementation of the Code has been extended from 1 April 2020 to 1 July 2020

#### **6. FPI documentation relaxations**

- SEBI has relaxed the physical filing requirement of submitting original and / or certified documents as specified in operational guidelines for Foreign Portfolio Investors (FPIs) and Designated Depository Participants (DDPs) issued under SEBI (FPI) Regulations, 2019.
- DDPs & Custodians may consider and process the request(s) for registration / continuance / KYC / KYC review and any other material change on the basis of scanned version of signed documents (instead of originals) and copies of documents which are not certified, received from duly authenticated email IDs.

Above relaxation is till 31 August 2020. DDPs & Custodians shall ensure to obtain the original and / or certified documents within 30 days from the aforesaid deadline.

**Conclusion:**

The above temporary relaxations are a welcome move by SEBI which will enable companies in meeting their regulatory compliances and ease their compliance burden.

## **Annexure**

### **Extension of timelines for filings by listed companies**

<b>Filing requirement</b>	<b>Period of relaxation</b>	<b>Due date</b>	<b>Extended date</b>
Half yearly compliance certificate on share transfer facility	1 month	30 April 2020	31 May 2020
Quarterly statement of investor complaints	3 weeks (appx.)	21 April 2020	15 May 2020
Annual secretarial compliance report	1 month	30 May 2020	31 July 2020
Quarterly corporate governance report	1 month	15 April 2020	15 May 2020
Quarterly shareholding pattern	3 weeks (appx.)	21 April 2020	15 May 2020
Quarterly financial results	45 days	15 May 2020	31 July 2020
Annual financial results	1 month	30 May 2020	31 July 2020
Certificate on timely issue of share certificates	1 month	30 April 2020	31 May 2020
Share capital audit report (under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018	1 month	30 April 2020	31 May 2020
Annual general meeting to be held by top 100 listed entities by market capitalization	1 month	31 August 2020	30 September 2020
Meeting of Nomination and remuneration committee / Stakeholder relationship committee and Risk management committee	3 months	31 March 2020	30 June 2020

Extension of timelines in relation to NCDs and NCRPS

<b>Filing requirement</b>	<b>Period of relaxation</b>	<b>Due date</b>	<b>Extended date</b>
Financial Results (half yearly)	45 days	15 May 2020	31 July 2020
Financial Results (yearly)	30 days	30 May 2020	31 July 2020



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