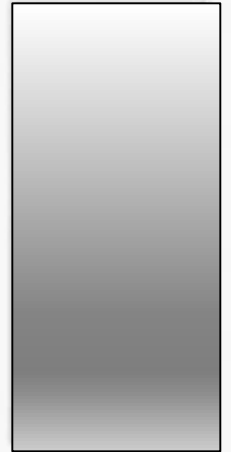


LEGALITE ADVISORS

IMPORTANT LEGAL UPDATES FOR MAY, 2020



Companies Act

- ❑ **The Ministry of Corporate Affairs (“MCA”) – notification no G.S.R. 313(E) on amendment to schedule VII to the Companies Act, 2013 (“Act”) dated May 26, 2020 (“Notification”).**
 - MCA *vide* the Notification has amended schedule VII of the Act to the effect that any contribution made by companies to the Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) shall now be eligible to be qualified as corporate social responsibility (“**CSR**”).
 - The Notification shall be deemed to have come into force on March 28, 2020. The retrospective effect is given to ensure that companies who have contributed to the noble cause do not lose out of availing the CSR benefit.
 - **Link of the Notification.**
http://www.mca.gov.in/Ministry/pdf/Notice_27052020.pdf

Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – general circular no. 21/2020 on clarification *w.r.t.* dispatch of notice under section 62(2) of the Companies Act, 2013 (“Act”) for listed companies upto July 31, 2020 dated May 11, 2020 (“Circular”).**
 - MCA *vide* the Circular has clarified that, the inability of listed companies to dispatch the notice through registered post as required under section 62(2) of the Act, for the rights issue opening upto July 31, 2020, would not be viewed as violation under the said section 62(2) of the Act, if the said listed company complies with directions mentioned in the Securities and Exchange Board of India circular no. SEBI/HO/CFD/DIL2/CIR/P2020/78 dated May 06, 2020, which allows the listed entities to dispatch letter of offer for rights issue to its shareholders through electronic mode only due to ongoing COVID-19 pandemic.
 - **Link of the Circular.**
http://www.mca.gov.in/Ministry/pdf/Circular21_11052020.pdf

Companies Act (Contd...)

- **The Ministry of Corporate Affairs (“MCA”) – general circular no. 20/2020 on conducting annual general meeting (“AGM”) by companies through video conferencing (“VC”) or other audio-visual means (“OAVM”) under the Companies Act, 2013 (“Act”) dated May 05, 2020 (“Circular”).**
 - MCA *vide* general circular no. 14/2020 dated April 08, 2020 (“**Circular-1**”) had provided clarifications for passing of resolutions of members in the Extra Ordinary General Meeting (“**EGM**”) for special business (not ordinary businesses) through VC or OAVM, during the period of nationwide lock down and up to June 30, 2020, and followed it up with general circular no. 17/ 2020 dated April 13, 2020 (“**Circular-2**”) clarifying on various difficulties faced by the companies in serving notice for conducting EGM and provided with clarity on modalities for conducting EGM or transacting items through postal ballot without conducting EGM.
 - Now, in view of the continuing restrictions on the movement of persons at several places in the country, the MCA *vide* the Circular has allowed the companies to conduct their AGM through VC or OAVM, during the calendar year 2020, subject to the fulfilment of the following requirements:
 - ✓ ***For companies which are required to provide the facility of e-voting under the Act, or any other company which has adopted for such facility:***
 - The framework provided in para-3A of the Circular-1 and the manner and mode of issuing notices provided in sub-para (i) A of the Circular-2, shall apply *mutatis mutandis* for conducting the AGM.

Companies Act (Contd...)

- The framework provided in para-3A of the Circular-1 and the manner and mode of issuing notices provided in sub-para (i) A of the Circular-2, shall apply *mutatis mutandis* for conducting the AGM.
- Other than ordinary business, only those items of special business, which are considered to be unavoidable by the boards of the companies, may be transacted. This will avoid situations where boards of the Company would take undue advantage of passing resolutions without much resistance by the shareholders, which they would have otherwise faced, if a physical AGM was held.
- Board's report, auditor's report or other documents required to be attached therewith, shall be sent only by email to the members, trustees for the debenture-holder of any debentures issued by the companies, and to all other persons so entitled.
- Before sending the notices and copies of the financial statements, etc., a public notice by way of advertisement shall be published at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated and having a wide circulation in that district, and at least once in english language in an english newspaper having a wide circulation in that district, preferably both newspapers having electronic editions, and specifying in the advertisement the following information –
 - ❖ statement that the AGM will be convened through VC or OAVM in compliance with applicable provisions of the Act read with this Circular;

Companies Act (Contd...)

- ❖ the date and time of the AGM through VC or OAVM;
 - ❖ availability of notice of the meeting on the website of the company and the stock exchange, in case of a listed company;
 - ❖ the manner in which the members who are holding shares in physical form or who have not registered their email addresses with the company can cast their vote through remote e-voting or through the e-voting system during the meeting;
 - ❖ the manner in which the persons who have not registered their email addresses with the company can get the same registered with the company;
 - ❖ the manner in which the members can give their mandate for receiving dividends directly in their bank accounts through the electronic clearing services (ECS) or any other means;
 - ❖ any other details considered necessary by the company.
- For shareholders, whose bank accounts are not available, companies shall upon normalization of the postal services, dispatch the dividend warrant/cheque to such shareholder by post.

Companies Act (Contd...)

- In case, a company has received the permission from the relevant authorities to conduct its AGM at its registered office, or at any other place as provided under section 96 (i.e. Annual general meeting) of the Act, after following any advisories issued from such authorities, the company may hold such meeting and additionally may also provide the facility of VC or OAVM, so as to allow other members of the company to participate in such meeting.
- All members who are physically present in the meeting as well as the members who attend the meeting through the facility of VC or OAVM will be reckoned for the purpose of quorum under section 103 (i.e. Quorum for meetings) of the Act. All resolutions shall continue to be passed through the facility of e-voting system.
- ✓ **For companies which are not required to provide the facility of e-voting under the Act:**
 - AGM shall be conducted by such company which has in its records, the email addresses of at least half of its total number of members, who:
 - ❖ in case of a Nidhi, hold shares of more than INR 1,000 (Indian Rupees One Thousand only) in face value or more than 1% (One Percent) of the total paid-up share capital, whichever is less;
 - ❖ in case of other companies having share capital, who represent not less than 75% (Seventy-five Percent) of such part of the paid-up share capital of the company as gives a right to vote at the meeting;

Companies Act (Contd...)

- In case, a company has received the permission from the relevant authorities to conduct its AGM at its registered office, or at any other place as provided under section 96 of the Act, after following any advisories issued from such authorities, the company may hold such meeting and additionally may also provide the facility of VC or OAVM, so as to allow other members of the company to participate in such meeting.
- All members who are physically present in the meeting as well as the members who attend the meeting through the facility of VC or OAVM will be reckoned for the purpose of quorum under section 103 of the Act. All resolutions shall continue to be passed through the facility of e-voting system.
- ✓ **For companies which are not required to provide the facility of e-voting under the Act:**
 - AGM shall be conducted by such company which has in its records, the email addresses of at least half of its total number of members, who:
 - ❖ in case of a Nidhi, hold shares of more than INR 1,000 (Indian Rupees One Thousand only) in face value or more than 1% (One Percent) of the total paid-up share capital, whichever is less;
 - ❖ in case of other companies having share capital, who represent not less than 75% (Seventy-five Percent) of such part of the paid-up share capital of the company as gives a right to vote at the meeting;

Companies Act (Contd...)

- ❖ in case of companies not having share capital, who have the right to exercise not less than 75% (Seventy-five Percent) of the total voting power exercisable at the meeting.
- Each company is supposed to take all the necessary steps to register the email addresses of all persons who have not registered their email addresses with the company.
- The framework provided in para 3-B of Circular-1 and the manner and mode of issuing notices provided in sub-para (i)-B of Circular-2 shall be applicable mutatis mutandis for conducting the AGM.
- In such meetings, other than ordinary business, only those items of special business, which are considered to be unavoidable by the Board, may be transacted.
- The companies referred to in paragraphs above, shall ensure that all other compliances associated with the provisions relating to general meetings viz making of disclosures, inspection of related documents/registers by members, or authorizations for voting by bodies corporate, etc. as provided in the Act and the articles of association of the company are made through electronic mode.
- Circular-1, Circular-2 and our analysis thereof, comprising the framework to hold the EGM through VC or OAVM, which shall be equally applicable to holding of AGM through VC or OAVM are appended herewith.

Companies Act (Contd...)

- **Link of the Circular.**

http://www.mca.gov.in/Ministry/pdf/Circular20_05052020.pdf

Link of Circular - 1.

http://www.mca.gov.in/Ministry/pdf/Circular14_08042020.pdf

Link of Circular - 2.

http://www.mca.gov.in/Ministry/pdf/Circular17_13042020.pdf

Link of our analysis of the aforesaid circulars.

https://legaliteadvisors.files.wordpress.com/2020/05/la-monthly-updates_april2020.pdf

Reserve Bank of India

- **The Reserve Bank of India (“RBI”) – circular no. RBI/2019-20/245 on COVID-19 regulatory package – review of resolution timelines under the Prudential Framework on Resolution of Stressed Assets (“Prudential Framework”), dated May 23, 2020 (“Circular”).**
 - The Circular aims at extending the resolution timelines under Prudential Framework in furtherance to the extension provided on April 17, 2020 (“**Principal Circular**”).
 - For accounts which were within the review period as on March 01, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30 (Thirty) day timeline for the review period. The residual review period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 (One Hundred and Eighty) days for resolution.
 - The accounts for which review period was over, but the 180 (One hundred and eighty) days’ resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 (One Hundred and Eighty) days from the date on which the 180 (One Hundred and Eighty) days period was originally set to expire.
 - As and when the extended resolution period, as stated above, expires, the requirement of making additional provisions specified in paragraph 17 of the Prudential Framework (additional provisions to be made as a percent of total outstanding, if review period not implemented within the timeline) shall be triggered.

Reserve Bank of India (Contd...)

- All other provisions of the Principal Circular shall continue to remain applicable.

- **Link of the Circular.**

<https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=11903&Mode=0>

Link of the Principal Circular.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11871&Mode=0>

Reserve Bank of India (Contd...)

- ❑ **The Reserve Bank of India (“RBI”) – circular no. RBI/2019-20/244 on COVID-19 regulatory package, dated May 23, 2020 (“Circular”).**
 - The Circular aims at relaxing repayment pressures and improving access to working capital by mitigating the burden of debt servicing, prevent the transmission of financial stress to the real economy, and ensure the continuity of viable businesses and households in furtherance to the moratorium for re-payments provided on March 27, 2020 (“**Principal Circular**”) and April 17, 2020 (“**Circular - I**”).
 - The Circular provides the following:
 - ✓ **Rescheduling of Payments – Term Loans and Working Capital Facilities:**
 - All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India financial institutions, and non-banking financial companies, including housing finance companies (“**Lending Institutions**”) are permitted to extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 on payment of all instalments in respect of term loans, including agricultural term loans, retail and crop loans. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

Reserve Bank of India (Contd...)

- In respect of working capital facilities sanctioned in the form of cash credit/overdraft (“**CC/OD**”), Lending Institutions are permitted to allow a deferment of another 3 (three) months, from June 1, 2020 to August 31, 2020, on recovery of interest applied in respect of all such facilities.
 - Lending Institutions are permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan (“**FITL**”) which shall be repayable not later than March 31, 2021.
- ✓ **Easing of Working Capital Financing:**
- In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may, as a one-time measure: (i) recalculate the ‘drawing power’ by reducing the margins till August 31, 2020. However, in all such cases where such a temporary enhancement in drawing power is considered, the margins shall be restored to the original levels by March 31, 2021; and/or, (ii) review the working capital sanctioned limits upto March 31, 2021, based on a reassessment of the working capital cycle.
 - Lending Institutions may, accordingly, put in place a board approved policy to implement the above measures.

Reserve Bank of India (Contd...)

✓ Asset Classification:

- The conversion of accumulated interest into FITL and the changes in the credit terms permitted to the borrowers to specifically tide over economic fallout from COVID-19 as mentioned aforesaid, will not be treated as concessions granted due to financial difficulty of the borrower will not result in asset classification downgrade.
 - In respect of accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted in respect of term loans, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC (Income Recognition, Asset Classification) norms. The asset classification for such accounts shall be determined on the basis of revised due dates and the revised repayment schedule.
 - Similarly, in respect of working capital facilities sanctioned in the form of cash CC/OD, where the account is classified as standard, including SMA (special mention account), as on February 29, 2020, the deferment period, wherever granted in terms of paragraph above shall be excluded for the determination of out of order status.
- All other provisions of Principal Circular and Circular - I shall remain applicable *mutatis mutandis*.

Reserve Bank of India (Contd...)

- In a nutshell, the Circular merely aims at providing a discretion to the Lending Institutions to provide an extended moratorium, further to what the Principal Circular and Circular-I envisaged and there are no real other significant changes envisaged by the RBI through this Circular.

- **Link of the Circular.**

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11902&Mode=0>

Link of the Principal Circular.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11835&Mode=0>

Link of the Circular – I.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11872&Mode=0>

Securities Law

- ❑ **The Securities and Exchange Board of India (“SEBI”) – circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 on advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”), dated May 20, 2020 (“Circular”).**
 - In view of the COVID–19 pandemic and the consequent lockdown restrictions, SEBI has granted several relaxations to the listed entities in terms of timelines for filing of various reports/disclosures under LODR Regulations. This Circular envisages to urge listed entities to disclose material impact of the pandemic on its commercial operations and provides for an illustrative, albeit inclusive list to assist the listed entities provide material information.
 - Major highlights of the Circular are enumerated as hereunder:
 - ✓ While many listed entities have made disclosures under LODR Regulations, primarily intimating shutdown of operations owing to the pandemic and resultant lockdowns, only some listed entities have provided information relating to actions taken towards sanitation, safety etc.
 - ✓ With reference to Regulation 30(3) of the LODR Regulations and SEBI *vide* circular no. CIR/CFD/CMD/4/2015 dated September 09, 2015, which specifies the details to be disclosed in cases of disruptions of operations due to natural calamity, force majeure and other events, SEBI *vide* this Circular states that, listed entities should endeavour to ensure that all investors have access to timely, adequate and updated information. Towards this end, entities have been encouraged to evaluate the impact of the COVID-19 pandemic on their business, performance and

Securities Law (Contd...)

financials, both qualitatively and quantitatively, to the extent possible and disseminate the same. An inclusive illustrative list of information that listed entities may consider disclosing, subject to the application of materiality, is given below:

- 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;
- Details of impact of COVID-19 on listed entity's:
 - capital and financial resources;
 - profitability;
 - liquidity position;
 - ability to service debt and other financing arrangements;
 - assets;
 - internal financial reporting and control;
 - supply chain;
 - demand for its products/services;
- ✓ 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.

Securities Law (Contd...)

- ✓ In order to have continuous information about the impact of COVID-19 on operations, listed entities may provide regular updates, as and when there are material developments.
- ✓ The listed entities are also encouraged to specify/include the impact of the COVID-19 pandemic on their financial statements, to the extent possible, while submitting financial statements under Regulation 33 of the LODR Regulations.
- ✓ Listed entities are urged to abstain from resorting to selective disclosures, keeping in mind the principles governing disclosures and obligations of a listed entity as prescribed in LODR Regulations, more specifically, having regard to the requirements of Regulation 4(2)(e) thereof on disclosure and transparency. Depending on circumstances peculiar to a listed entity and on account of passage of time, the listed entity shall revisit, refresh, or update its previous disclosures.
- ✓ This Circular shall come into force with immediate effect.
- **Link of the Circular.**
https://www.sebi.gov.in/legal/circulars/may-2020/advisory-on-disclosure-of-material-impact-of-covid-19-pandemic-on-listed-entities-under-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_46688.html

Securities Law (Contd...)

- ❑ **The Securities and Exchange Board of India (“SEBI”) – circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/82 on relaxation in timelines for compliance with regulatory requirements, dated May 15, 2020 (“Circular”).**
 - In view of the prevailing situation and representations received from the stock exchanges, SEBI, decided to further extend the timelines for compliance with the regulatory requirements, by the trading members/clearing members/ depository participants.
 - The relaxations given in the Circular are enumerated hereunder:

[Continued on next slide]

Securities Law (Contd...)

SEBI circular	S. Nos. for which timeline is extended	Extended timeline/ Period of exclusion
SEBI/HO/MIRSD/DOP/CIR/P/2020/61 dated April 16, 2020.	I	Till June 30, 2020 for the month of April, 2020.
	II	Till June 30, 2020 for the quarter ended on March 31, 2020.
	X and XI	Till June 30, 2020.
SEBI/HO/MIRSD/DOP/CIR/P/2020/62 dated April 16, 2020.	III	Period of exclusion shall be from March 23, 2020 till June 30, 2020.
SEBI/HO/MIRSD/DOP/CIR/P/2020/68 dated April 21, 2020.	I, II and III	Till June 30, 2020.
	IV and V	2 (Two) months from the due date.

- All other conditions specified in the aforementioned circulars shall continue to remain applicable.
- **Link of the Circular.**
https://www.sebi.gov.in/legal/circulars/may-2020/relaxation-in-timelines-for-compliance-with-regulatory-requirements_46674.html

Securities Law (Contd...)

- ❑ **The Securities and Exchange Board of India (“SEBI”) – circular no. SEBI/CIR/CFD/DCR1/CIR/P/2020/83 on relaxations relating to procedural matters – Takeovers and Buy-back, dated May 14, 2020 (“Circular”).**
 - SEBI *vide* the Circular, has provided relaxations relating to procedural matters in respect of takeovers and buy-back, which shall come into immediate effect.
 - Due to ongoing COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments and based on representations, one time relaxations as enclosed in the Circular are granted from strict enforcement of certain provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations**”) and SEBI (Buy-back of securities) Regulations, 2018 (“**Buy-back Regulations**”) pertaining to open offers and buy-back tender offers opening upto July 31, 2020.
 - SEBI *vide* this Circular states that, service of the letter of offer and/or tender form and other offer related material to shareholders may be undertaken by electronic transmission as already provided under Regulation 18(2) of the Takeover Regulations and Regulation 9(ii) of Buy-back Regulations subject to compliance with the certain conditions as under:
 - ✓ The acquirer / company shall publish the letter of offer and tender form on the websites of the company, registrar, stock exchanges and the manager(s) to offer.

Securities Law (Contd...)

- ✓ The acquirer / company along with lead manager(s) shall undertake all adequate steps to reach out to the/its shareholders through other means such as ordinary post or SMS or audio-visual advertisement on television or digital advertisement, etc.
- ✓ The acquirer/ company shall make an advertisement containing details regarding the dispatch of the letter of offer electronically and availability of such letter of offer along with the tender form on the website of the company, registrar and manager to the offer in the same newspapers in which (i) detailed public statement was published as per regulation 14(3) of Takeover Regulations or (ii) public announcements was published as per regulation 7(i) of Buy-back Regulations.
- ✓ The acquirer/ company may have the flexibility to publish the dispatch advertisement in additional newspapers, over and above those required under the respective regulations.
- ✓ The acquirer/ company shall make use of advertisements in television channels, radio, internet etc. to disseminate information relating to the tendering process. Such advertisements can be in the form of crawlers/ tickers as well.
- ✓ All the advertisement issued should also be made available on the website of the company, registrar, managers to the offer, and stock exchanges.
- ✓ The acquirer/ company and the manager to offer shall provide procedure for inspection of material documents electronically.

Securities Law (Contd...)

- **Link of the Circular.**

https://www.sebi.gov.in/legal/circulars/may-2020/relaxations-relating-to-procedural-matters-takeovers-and-buy-back_46672.html

Securities Law (Contd...)

- **The Securities and Exchange Board of India (“SEBI”) – circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 on additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – COVID-19 pandemic, dated May 12, 2020 (“Circular”).**
 - In wake of fast spreading COVID-19 pandemic, SEBI, *vide* the Circular, has accorded the following further relaxations/issue clarifications regarding provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR**”) in the face of challenges faced by listed entities, which shall come into force with immediate effect.
 - Major highlights of the Circular are enumerated as hereunder:
 - ✓ This Circular has dispensed with the requirement of sending physical copies of annual report to shareholders, pursuant to the relaxations provided by the circular of Ministry of Corporate Affairs dated May 05, 2020.
 - ✓ Other relaxations of the Circular are represented hereunder:

Securities Law (Contd...)

LODR Regulations	Compliance	Relaxations
<p>Regulation 36 (1) (b) and (c)</p> <p>and</p> <p>Regulation 58 (1) (b) and (c)</p>	<p>Listed entities and entities who have listed non-convertible debentures and non-convertible redeemable preference shares, shall send hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder and hard copies of full annual reports to those shareholders, who have not registered email id with the company and who request for the same.</p>	<p>The listed entities and entities who have listed non-convertible debentures and non-convertible redeemable preference shares who conduct their AGMs during the calendar year 2020 (i.e. till December 31, 2020) are now no longer need to follow said compliance.</p>
<p>Regulation 44 (4)</p>	<p>Listed entities to send proxy forms to securities holders.</p>	<p>The adherence to this regulation is relaxed temporarily for listed entities who conduct their annual general meetings through electronic mode during the calendar year 2020 (i.e. till December 31, 2020).</p>

Securities Law (Contd...)

LODR Regulations	Compliance	Relaxations
Regulation 12	Issue of physical 'payable at par' warrants or cheque, if not possible through any electronic modes of payment. Further, in case the amount payable as dividend exceeds Rs.1500/- it shall be sent by speed post.	The requirements of this regulation will apply upon normalization of postal services. However, in cases where email addresses of shareholders are available, listed entities shall endeavour to obtain their bank account details and use the electronic modes of payment specified in Schedule I of the LODR.
Regulation 47 and Regulation 52(8)	Listed entities & entities who have listed non-convertible debentures and non-convertible redeemable preference shares, to publish advertisements in newspapers. This requirement was relaxed by SEBI through its earlier circulars for all the events scheduled till May 31, 2020.	The relaxation from said compliance has been now extended for all events scheduled till June 30, 2020.

Securities Law (Contd...)

LODR Regulations	Compliance	Relaxations
<p>Regulation 33(3)(b)</p>	<ol style="list-style-type: none"> 1. In case a listed entity has subsidiaries, the listed entity shall submit quarterly / year-to-date consolidated financial results. 2. IND-AS is applicable to all listed entities from F.Y 2016-2017 except banking & insurance sectors. (Not yet Notified by RBI & IRDA) 	<ul style="list-style-type: none"> • Listed entities which are banking and / or insurance companies or having subsidiaries which are banking and / or insurance companies may submit consolidated financial results under regulation 33(3)(b) for the quarter ending June 30, 2020 on a voluntary basis. However, they shall continue to submit the standalone financial results as required under regulation 33(3)(a) of the LODR. • If such listed entities choose to publish only standalone financial results and not consolidated financial results, they shall provide reasons for the same.

Securities Law (Contd...)

- **Link of the Circular.**

https://www.sebi.gov.in/legal/circulars/may-2020/additional-relaxation-in-relation-to-compliance-with-certain-provisions-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-covid-19-pandemic_46661.html

Securities Law (Contd...)

- **The Securities and Exchange Board of India (“SEBI”) – circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/81 on relaxation from the applicability of SEBI circular dated October 10, 2017 on non-compliance with the Minimum Public Shareholding (“MPS”) requirements, dated May 12, 2020 (“Circular”).**
 - SEBI *vide* this Circular, which shall come into force with immediate effect, has provided relaxation from the applicability of SEBI circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017 (“**October Circular**”) that prescribes the procedure to be followed by the recognized stock exchanges/depositories with respect to MPS non-compliant listed entities, their promoters and directors, including levy of fines, freeze of promoter holding etc.
 - SEBI, on receipt of requests from listed entities and industry bodies as well as considering the prevailing business and market conditions, has relaxed the stipulations of the October Circular for listed entities for whom the deadline to comply with MPS requirements falls between the period from March 1, 2020 to August 31, 2020.
 - SEBI has further advised the recognized stock exchanges to abstain from taking any penal action as envisaged in the October Circular against such entities in case of non-compliance during the aforesaid period and to withdraw the penal actions, if any, initiated against such listed entities from March 1, 2020 till date for non-compliance of MPS requirements by such listed entities.

Securities Law (Contd...)

- **Link of the Circular.**

https://www.sebi.gov.in/legal/circulars/may-2020/relaxation-from-the-applicability-of-sebi-circular-dated-october-10-2017-on-non-compliance-with-the-minimum-public-shareholding-mps-requirements_46669.html

Securities Law (Contd...)

- **The Securities and Exchange Board of India (“SEBI”) – circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/78 on Relaxations relating to procedural matters – Issues and Listing, dated May 06, 2020 (“Circular”).**
 - Owing to COVID-19 pandemic and receipt of representations, SEBI, *vide* the Circular, has accorded the following one time relaxations from strict enforcement of certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**ICDR Regulations**”), pertaining to Rights Issue opening upto July 31, 2020.
 - The one time relaxations provided under this Circular are enumerated below:

Securities Law (Contd...)

ICDR Regulations	Compliance	Relaxations	Other conditions
77(2)	Service of the abridged letter of offer, application form and other issue material to shareholders may be undertaken by electronic transmission.	Failure to adhere to modes of dispatch through registered post or speed post or courier services due to prevailing Covid-19 related conditions will not be treated as non-compliance during the said period.	For availing the said relaxation, the issuers shall publish the letter of offer, abridged letter of offer and application forms on the websites of the company, registrar, stock exchanges and the lead manager(s) to the rights issue. Also, the issuer company along with lead manager(s) shall undertake all adequate steps to reach out its shareholders through other means such as ordinary post or SMS or audio-visual advertisement on television or digital advertisement, etc.

Securities Law (Contd...)

ICDR Regulations	Compliance	Relaxations	Other conditions
84(1)	Advertisement shall contain additional details as regards the manner in which the shareholders who have not been served notice electronically may apply.	The issuer may have the flexibility to publish the dispatch advertisement in additional newspapers, over and above those required in Regulation 84(1).	The advertisement should also be made available on the website of the issuer, registrar, lead Managers, and stock exchanges. The issuer shall make use of advertisements in television channels, radio, internet etc. to disseminate information relating to the application process. Such advertisements can be in the form of crawlers/ tickers as well.

Securities Law (Contd...)

ICDR Regulations	Compliance	Relaxations	Other conditions
<p>SEBI <i>vide</i> circular dated January 22, 2020 had introduced dematerialized rights entitlements ("REs")</p>	<p>The physical shareholders are required to provide their DEMAT account details to issuer/ registrar to the issue for credit of REs.</p>	<p>In case the physical shareholders who have not been able to open a DEMAT account or are unable to communicate their DEMAT details, may be allowed to submit their application subject to following conditions:</p> <ul style="list-style-type: none"> • Issuer along with lead manager(s) and other recognized intermediary shall institute a mechanism to allow physical shareholders to apply in the rights issue and shall ensure to take adequate steps to communicate such a mechanism to physical shareholders before the opening of the issue. • Such shareholder shall not be eligible to renounce their REs. • Such physical shareholders shall receive shares, in respect of their application, only in DEMAT mode. 	

Securities Law (Contd...)

ICDR Regulations	Compliance	Relaxations	Other conditions
Regulation 76	An application for a rights issue shall be made only through ASBA facility	The issuer shall along with lead manager(s) to the issue, the registrar, and other recognized intermediaries (as deemed fit by issuer and lead manager(s)) institute an optional mechanism (non- cash mode only) to accept the applications of the shareholders subject to ensuring that no third party payments shall be allowed in respect of any application.	
In respect of all offer documents filed until July 31, 2020		<ul style="list-style-type: none"> • Authentication/ certification/ undertaking(s) in respect of offer documents, may be done using digital signature certifications. • The issuer along with lead manager(s) shall provide procedure for inspection of material documents electronically. 	

Securities Law (Contd...)

- In respect of mechanisms as stated under SEBI circular dated January 22, 2020, SEBI introduced dematerialized REs and Regulation 76 of the ICDR Regulations, the issuer along with lead manager(s) shall ensure the following:
 - ✓ The mechanism(s) shall only be an additional option and not a replacement of the existing process.
 - ✓ The mechanism(s) shall be transparent, robust and have adequate checks and balances. It should aim at facilitating subscription in an efficient manner without imposing any additional costs on investors. The issuer along with lead manager(s), and registrar shall satisfy themselves about the transparency, fairness and integrity of such mechanism.
 - ✓ An FAQ, online dedicated investor helpdesk, and helpline shall be created by the issuer company along with lead manager(s) to guide investors in gaining familiarity with the application process and resolve difficulties faced by investors on priority basis.
 - ✓ The issuer along with lead manager(s), registrar, and other recognized intermediaries (as incorporated in the mechanism) shall be responsible for all investor complaints.
- The Circular shall come into force with immediate effect.
- **Link of the Circular.**
https://www.sebi.gov.in/legal/circulars/may-2020/relaxations-relating-to-procedural-matters-issues-and-listing_46652.html

Insolvency And Bankruptcy Code

- ❑ **The Central Board of Indirect Taxes and Customs – notification no. 39/2020 on amendments in notification no. G.S.R. 194(E). 11/2020, dated March 21, 2020 (“March Notification”) under Central Goods and Services Tax Act, 2017 (“CGST Act”) dated May 05, 2020. (“Notification”).**
- The Central Government *vide* the Notification has prescribed amendments in the March Notification as under:

- ✓ **In first paragraph of the March Notification, the following proviso shall be inserted, namely:**

“Provided that the said class of persons shall not include those corporate debtors who have furnished the statements under section 37 and the returns under section 39 of the said CGST Act for all the tax periods prior to the appointment of IRP/RP.”

Impact: Insertion of the aforesaid proviso envisages that the IRP/RP would not be required to follow the special procedure as prescribed in March Notification until the subsistence of the corporate insolvency resolution process, in cases where the corporate debtors have furnished the statements under section 37 (i.e. Furnishing details of outward supplies) and the returns under section 39 (i.e. Furnishing of returns) of the said CGST Act for all the tax periods prior to the appointment of IRP/RP.

- ✓ **For the paragraph 2 of the March Notification, with effect from the 21st March, 2020, the following paragraph shall be substituted, namely:**

Insolvency And Bankruptcy Code (Contd...)

“2. Registration. - The said class of persons shall, with effect from the date of appointment of IRP / RP, be treated as a distinct person of the corporate debtor, and shall be liable to take a new registration (hereinafter referred to as the new registration) in each of the States or Union territories where the corporate debtor was registered earlier, within thirty days of the appointment of the IRP/RP or by 30th June, 2020, whichever is later.”

Impact: The March Notification provided for the following windows for fresh registration under the CGST Act:

- 30 (Thirty) days from the appointment of the insolvency resolution professional (“**IRP**”)/resolution professional (“**RP**”) for obtaining a new registration under the CGST Act in case the appointment has taken place after the date of the March Notification; and
- 30 (Thirty) days from the date of commencement of the March Notification, with effect from date of appointment as IRP/RP in case the appointment has taken place before the date of the March Notification.

This Notification has rationalized the timelines and provided 2 (Two) time limits for obtaining the registration as aforesaid, i.e. within 30 (Thirty) days of the appointment of the IRP/RP or by 30th June, 2020, whichever is later.

▪ **Link of the Notification.**

<https://ibbi.gov.in/uploads/legalframework/3abd46740ba9bc99609e5c865f7257d3.pdf>

Deets / Disclaimer

❑ Deets.

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Thank You



There is no wealth like knowledge and no poverty like ignorance - Buddha