

Covid-19 Outbreak: SEBI Relaxes Compliance Requirements for Companies

In the wake of global Coronavirus outbreak, the Securities and Exchange Board of India (SEBI) on Thursday relaxed the deadline for complying with requirements for certain filings under SEBI. Companies, which had 45 days from the end of the quarter to file their quarterly earnings, will now get an extra 45 days. Among other relaxations in Compliance Requirements for Companies, **SEBI gave a one-month extension for Companies to file their annual audited figures.**

SEBI decided to relax compliance requirements to help Companies cope with the restrictions imposed by the government to contain the spread of coronavirus pandemic. As per a survey reported by Economic Times, over 50 per cent of Indian Companies see an impact on their operations and nearly 80 per cent have witnessed a decline in cash flows. Coronavirus pandemic has significantly impacted the global economy, and as it continues to grow, **global stock markets are seeing their sharpest falls since the 2008 financial crisis.**

SEBI in the circular said:

"Development arising due to the spread of the virus have warranted the need for temporary relaxation in compliance requirements of listed entities."

Relaxations offered by SEBI in Compliance Requirements for Companies

Considering the CoVID 19 pandemic, SEBI decided to grant temporary relaxations to listed entities from certain compliance stipulations. Coronavirus has affected populations around the world and has restricted the free movement of people, thereby hampering businesses and day to day functioning of companies. As a relief to Companies SEBI decided to grant following relaxations to listed entities w.r.t. the quarter/financial year ending March 31, 2020:

- SEBI has extended the deadline for publicly traded companies and gave them a 45-day relaxation to file their fourth-quarter results. Companies, which had 45 days from the end of the quarter to file their quarterly earnings, will now get an extra 45 days. The due date has been extended until May 15, 2020.

- The market regulator also extended the deadline for annual audited figures of companies by one month. Generally, companies are required to file their annual results within 60 days from the end of a financial year. The due date for submitting results for the year ending March 31 has been extended till June 30, 2020.
- SEBI also extended the deadline for submitting governance reports by a month and quarterly shareholding patterns by three weeks. The current due date for submitting governance report for this quarter is April 15, 2020, which now has been extended till May 15, 2020. The due date for submitting quarterly shareholding patterns has been shifted from April 21 to May 15, 2020.
- In further relaxations; SEBI added, "The board of directors and the audit committee of the listed entity are exempted from observing the stipulated time gap between two meetings for the meeting held or proposed to be held the period of December 1, 2019, and June 30 2020." However, SEBI said the Board of Directors and audit committees would have to ensure that they meet at least four times a year under-listed regulations. Generally, the Board of Directors or Audit Committee need to meet at least four times a year, with a maximum gap of 128 between any two meetings.
- Further, the deadline for submission of quarterly shareholding pattern and statement of investor complaint report has been extended by three weeks from April 21, 2020, to May 15, 2020.
- In addition, SEBI has extended the deadline for filing of half-yearly compliance certificate on share transfer facility and secretarial compliance report by one month to May 15 and June 30, 2020, respectively.

Extended Due Dates of Compliances

Compliance	Current Due Date	Extended Due Date	Period of Extension
Compliance certificate on share transfer facility	30 th April, 2020	30 th May, 2020	1 month
Statement of Investor complaints	21 st April, 2020	15 th May, 2020	3 weeks approx.
Secretarial Compliance Report	30 th May, 2020	30 th June, 2020	1 month
Corporate Governance Report	15 th April, 2020	15 th May, 2020	1 month
Adoption and Publication of Financial Results			
Unaudited	15 th May, 2020	30 th June, 2020	45 days
Audited	30 th May, 2020	30 th June, 2020	1 month
Shareholding Pattern	21 st April, 2020	15 th May, 2020	3 weeks approx.

Amidst Coronavirus outbreak many Companies have announced **work-from-home** for its employees thereby; SEBI's decision of relaxing the compliance requirements provided a huge relief to Companies and gave them the much needed time to focus on their business in the midst of a **global economic slowdown**. Further, this relaxation from SEBI will give more time to market regulators and business leaders to assess potential accounting guidance due to Covid-19 outbreak.

In addition to the circular issued on Thursday **SEBI further relaxed the compliance norms** for listed entities that have listed their debt securities such as **non-convertible debentures and commercial papers** in a recent circular issued on Monday.

SEBI extended the deadline for submitting half-yearly financial results for Non-Convertible debentures (NCDs), Non-Convertible Redeemable Preference Shares (NCRPS) and Commercial Papers (CPs) by 45 days till June 30. Further, the regulator has given a time period of another 30 days till June 30, for filing annual earnings.

Take Away

Finance Minister recently tweeted; "In an ongoing exercise to ease the compliance burden during the Coronavirus outbreak, SEBI has decided to relax some compliance provisions with regard to listed entities that have listed their NCDs, NCRPS, CPs and municipal debt securities." Before this, in a circular issued on Thursday last week, SEBI extended the deadline for annual audited figures of companies by one month. These decisions have been taken by SEBI in wake of the outbreak of Covid-19 which has caused a worldwide lockdown, thereby hampering the businesses and day to day functioning of companies. SEBI relaxed various compliance requirements for Companies in the circular issued, and the circular will come into force with immediate effect.