

**MAY 2020**

# NEWSLETTER

## REGULATORY

- RBI
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## **RBI**

### **1. 'Voluntary Retention Route' (VRR) for Foreign Portfolio Investors (FPIs) investment in debt – relaxations**

RBI/2019-20/239 A.P.(DIR Series) Circular No.32

Dated 22<sup>nd</sup> May, 2020

As per extant RBI directions on reopening of allotment of investment limit under the Voluntary Retention Route (VRR), the Foreign Portfolio Investors (FPIs) are required to invest at least 75% of their 'Committed Portfolio Size' (CPS) within three months from the date of allotment.

However, in view of the disruptions caused by COVID-19, RBI vide this circular has allowed FPIs that have been allotted investment limits, between January 24, 2020 (the date of reopening of allotment of investment limits) and April 30, 2020, an additional time of three months to invest 75% of their CPS.

For FPIs availing the additional time, the retention period for investments (committed by them at the time of allotment of investment limit) would be reset to commence from the date that the FPI invests 75% of CPS.

[Circular](#)

### **2. Import of goods and services- Extension of time limits for Settlement of import payment**

RBI/2019-20/242 A.P. (DIR Series) Circular No.33

Dated 22<sup>nd</sup> May, 2020

As per extant RBI directions on Import of Goods and Services, the remittances against normal imports (i.e. excluding import of gold/diamonds and precious stones/jewellery) are required to be completed within six months from the date of shipment, except in cases where amounts are withheld towards guarantee of performance etc.

In view of the disruptions caused by COVID-19, RBI vide this circular has extended the time period for completion of remittances against such normal imports (except in cases where amounts are withheld towards guarantee of performance etc.) from six months to twelve months from the date of shipment for imports made on or before July 31, 2020.

[Circular](#)

### **3. Pre-shipment and Post-shipment Export Credit – Extension of Period of Advance**

RBI/2019-20/246 DOR.DIR.BC.No.73/04.02.002/2019-20

Dated 23<sup>rd</sup> May, 2020

In view of the outbreak of Covid-19 pandemic, the exporters have been facing genuine difficulties such as delay / postponement of orders, delay in realisation of bills, etc. In this regard, RBI has already permitted the period of realisation and repatriation of the export proceeds to India to be increased from nine months to 15 months from the date of export in respect of exports made upto July 31, 2020.

In line with this relaxation, vide this circular, RBI has increased the maximum permissible period of pre-shipment and post-shipment export credit sanctioned by banks from one year to 15 months, for disbursements made upto July 31, 2020.

[Notification](#)

## **SEBI**

### **1. Relaxations related to procedural matters – Issues and Listing**

Circular No.: SEBI/HO/CFD/DIL2/CIR/P/2020/78

Dated 6<sup>th</sup> May, 2020

In view of the impact of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments SEBI vide this circular has granted the following one time relaxations from strict enforcement of certain regulations pertaining to Rights Issue opening upto 31<sup>st</sup> July, 2020 under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018:

1. 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 other modes of dispatch through speed post, registered post or courier will not be treated as non-compliance.

2. The issue related advertisement shall contain the manner in which the shareholders who have not been served notice may apply electronically. Flexibility has been provided to the issuers to publish the dispatch advertisement in additional newspapers over and above those prescribed in the regulations. The advertisement should also be made available on the website of the Issuer, Registrar, Lead Managers, and Stock Exchanges. Such advertisements can be in the form of crawlers/tickers as well.

3. In case the physical shareholders have not been able to open a Demat account or have not been able to communicate their Demat details to the issuer/registrar for credit of REs within specified time, such physical shareholders may be allowed to submit their application subject to certain prescribed conditions.

4. Considering the difficulties posed by COVID-19 it may not be possible to make the application for right issue through the mandatory ASBA facility. Therefore, the issuer along with lead manager, the registrar and other recognized intermediaries, shall 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.

The mechanism at 3 & 4 above shall only be an additional option and not a replacement of the existing process.

SEBI has also granted the following relaxations in respect of all offer documents filed until July 31, 2020:

1. Authentication/certification/Undertaking(s) in respect of offer documents, may be done using digital signature certifications.

2. The issuer along with lead manager(s) shall provide procedure for inspection of material documents electronically.

[Circular](#)

### **2. Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic**

Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79

Dated 12<sup>th</sup> May, 2020

Vide this Circular, SEBI has granted further relaxations / issued clarifications regarding the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in view of the challenges faced by listed entities due to COVID-19 pandemic.

SEBI has granted the following relaxations:

S. No.	Particulars	Extant Provisions	Relaxation
1.	Sending physical copies of annual report to shareholders	Listed entities are required to send hard copies of annual reports to the shareholders who have not registered their email addresses and hard copies of annual	Requirement is dispensed with for listed entities who conduct their AGMs during the calendar year 2020 (i.e. till

		reports to the shareholders who request for the same.	December 31, 2020).
2.	Proxy for General Meetings	Listed entities are required to send proxy forms to security holders in all cases.	Requirement is dispensed temporarily for listed entities who conduct their AGMs through electronic mode during the calendar year 2020 (i.e. till December 31, 2020).
3.	Dividend Warrants/Cheques	LODR prescribes issuance of 'payable at par' warrants or cheques in case it is not possible to use electronic modes of payment.  Further, in case the amount payable as dividend exceeds Rs. 1,500, the 'payable-at-par' warrants or cheques shall be sent by speed post.	Requirements of this regulation will apply upon normalization of postal services.  Listed entities shall endeavor to obtain bank account details and use the electronic modes of payment specified in Schedule I of the LODR.  .
4.	Relaxation from publication of advertisements in the newspapers	Publication of advertisements in the newspapers for all events.	Exemption is extended till June 30, 2020 from May 15, 2020.
5.	Relaxation from publishing quarterly consolidated financial results	Listed entities having subsidiaries shall submit quarterly/year-to-date consolidated financial results (Regulation 33(3) (b) of LODR)	Listed entities which are banking or insurance or subsidiaries of banking and insurance Companies may submit consolidated financial results for the quarter ending June 30, 2020 on a voluntary basis.  However, they shall continue to submit the standalone financial results.  If such listed entities choose to publish only standalone financial results and not consolidated financial results, they shall give reasons for the same.

[Circular](#)

### 3. Entities permitted to undertake e-KYC Aadhaar Authentication service of UIDAI in Securities Market

Circular No.: SEBI/HO/MIRSD/DOP/CIR/P/2020/80  
Dated 12<sup>th</sup> May, 2020

The Government of India, Department of Revenue vide Gazette Notification No. G.S.R. 261(E) dated April 22, 2020 had notified nine reporting entities to undertake Aadhaar authentication service of UIDAI under Sec 11A of the Prevention of Money Laundering Act, 2002.

In view of the same, the following entities are required to undertake Aadhaar Authentication service of UIDAI subject to compliance of the prescribed conditions as laid down in this regard:

1. Bombay Stock Exchange Limited
2. National Securities Depository Limited
3. Central Depository Services (India) Limited
4. CDSL Ventures Limited
5. NSDL Database Management Limited
6. NSE Data and Analytics Limited

7. CAMS Investor Services Private Limited
8. Computer Age Management Services Private Limited

The above listed entities shall get registered with UIDAI as KYC user agency (“KUA”) and shall allow SEBI registered intermediaries / mutual fund distributors to undertake Aadhaar Authentication in respect of their clients for the purpose of KYC.

[Circular](#)

#### **4. Relaxation from the applicability of SEBI Circular dated October 10, 2017 on non-compliance with the Minimum Public Shareholding (MPS) requirements**

Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/81  
Dated 14<sup>th</sup> May, 2020

SEBI vide Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017 had laid down 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.

In view of the prevalent business and market conditions, SEBI has decided to grant relaxation from the applicability of provisions of aforesaid 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.

Further, Recognized Stock Exchanges are advised not to take any penal action as envisaged in the above circular against such entities in case of non-compliance during the said period. Penal actions, if any, initiated by Stock Exchanges from March 1, 2020 till date for non-compliance of MPS requirements by such listed entities may be withdrawn.

[Circular](#)

#### **5. Relaxations relating to procedural matters – Takeovers and Buy-back**

Circular No.: SEBI/CIR/CFD/DCR1/CIR/P/2020/83  
Dated 14<sup>th</sup> May, 2020

Vide this circular, SEBI has granted the following one time relaxations from strict enforcement of certain regulations pertaining to open offers and buy-back tender offers opening upto 31<sup>st</sup> July, 2020 under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Buy-back of securities) Regulations, 2018:

1. Service of the letter of offer and/or tender form and other offer related material to shareholders may be undertaken by electronic transmission subject to the below mentioned steps being taken by the acquirer/ company:

- i. shall publish the letter of offer and tender form on the website of the company, registrar, stock exchanges and the manager(s) to offer.
- ii. shall along with the lead manager undertake all adequate steps to reach out to the shareholders through other means such as ordinary post or SMS or audio-visual advertisement on television or digital advertisement, etc.
- iii. shall make an advertisement containing details regarding the dispatch of the letter of offer electronically and availability of the same on the website of the company, registrar and manager to the offer .
- iv. may have the flexibility to publish the dispatch advertisement in additional newspapers, over and above those required under the respective regulations.
- iv. shall make use of advertisements television channels, radio, internet etc. to disseminate information relating to the tendering process. All the advertisement issued should also be made available on the website of the company, Registrar, Managers to the offer, and Stock Exchanges.

Further, the acquirer/company and the manager to offer shall provide procedure for inspection of material documents electronically.

[Circular](#)

#### **6. Relaxation in timelines for compliance with regulatory requirements**



This circular is issued in furtherance of the earlier SEBI circulars of April 2020 which provided relaxations in timelines for compliance with various regulatory requirements.

Following is the gist of extensions provided in the timelines for compliance with such regulatory requirements:

S. No.	SEBI Circular	S. No. for which timeline is extended	Extended timeline/Period of exclusion
1.	SEBI/HO/MIRSD/DOP/CIR/P/2020/6 1 dated April 16, 2020  Relaxation in timelines for compliance with regulatory requirements by trading members / clearing members	I - Client Funding Reporting	Till June 30, 2020 for the month of April 2020
		II - Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications	Till June 30, 2020 for the quarter ended on March 31, 2020
		X - Penalty for non-collection/short collection of upfront margins in cash segment	Till June 30, 2020
		XI - Maintaining call recordings of orders/instructions received from clients	
2.	SEBI/HO/MIRSD/DOP/CIR/P/2020/6 2 dated April 16, 2020  Relaxation in time period for certain activities carried out by depository participants, RTAs / issuers, KRAs, stock brokers	III - KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days.	Period of exclusion shall be from March 23, 2020 till June 30, 2020
3.	SEBI/HO/MIRSD/DOP/CIR/P/2020/6 8 dated April 21, 2020  Relaxation in timelines for compliance with regulatory requirements by trading members / clearing members	I – Weekly Client Funding Reporting	Till June 30, 2020
		II - Monthly Client Funding Reporting	
		III - Daily margin trading reporting	
		IV - Update in Income Tax Permanent Account Number of Key Management Personnel / Directors  V - Issue of Annual Global Statement to clients	Two months from the due date

All other conditions specified in the aforementioned circulars shall continue to remain applicable.

[Circular](#)

**7. Advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations/LODR)**

Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/84  
Dated 20<sup>th</sup> May, 2020

Listed entities around the world have been making disclosures regarding the impact of the CoVID-19 pandemic, including that on financial condition and results of operations, future operations, capital and financial resources, liquidity, assets,

internal financial control over financial reporting and disclosure controls and procedures, demand for products/services etc. Regulators have encouraged timely reporting as well as complete and accurate disclosure of the impact, as far as possible.

Vide this circular, SEBI has provided an illustrative list of information that listed entities may consider disclosing, subject to the application of materiality. The list is as under:

1. Impact of the CoVID-19 pandemic on the business;
2. Ability to maintain operations including the factories/units/office spaces functioning and closed down;
3. Schedule, if any, for restarting the operations;
4. Steps taken to ensure smooth functioning of operations;
5. Estimation of the future impact of CoVID-19 on its operations;
6. 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
7. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;
8. Other relevant material updates about the listed entity's business.

Additionally, while submitting financial statements, listed entities may specify/include the impact of the CoVID-19 pandemic on their financial statements, to the extent possible.

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.

[Circular](#)

#### **8. Listing of Mutual Fund schemes that are in the process of winding up**

Circular No.: SEBI/HO/IMD/DF3/CIR/P/2020/086  
Dated 20<sup>th</sup> May, 2020

In terms of Regulation 32 of SEBI (Mutual Funds) Regulations, 1996 (MF Regulations) and SEBI circular dated December 28, 2018, every close-ended scheme and units of segregated portfolio shall be listed on recognized stock exchanges.

In terms of Regulation 31B(1) of the MF Regulations, units of Mutual Fund schemes which are in the process of winding-up in terms of Regulation 39(2)(a) of the MF Regulations, shall be listed on the recognized stock exchange subject to compliance of listing formalities stipulated by the stock exchange.

However, pursuant to listing, trading on stock exchange mechanism will not be mandatory for investors who may if they so desire, avail an optional channel to exit provided to them.

Detailed operational modalities for trading and settlement of units of MF schemes that are under process of winding up shall be finalized by the stock exchange where the scheme is listed. The operation modalities shall include the following:

- a. Mechanism for order placement, execution, payment and settlement;
- b. Enabling bulk orders to be placed for trading in units;
- c. Issue related to suspension of trading, declaration of date for determining the eligibility of unit holders etc. in respect of payments to be made by the AMC as part of the winding up process;
- d. Disclosures to be made by AMCs including disclosure of NAV on daily basis and scheme portfolio periodically etc.

The AMC, its sponsor, employees of AMC and Trustee shall not be permitted to transact (buy or sell) in the units of such schemes that are under the process of being wound up.

Stock exchanges desirous of offering this facility, shall submit the detailed operational modalities to SEBI, within 7 days from date of issuance of this Circular.

[Circular](#)

**9. Implementation of Circular on 'Margin obligations to be given by way of Pledge/Re-pledge in the Depository System' – Extension**

Circular No.: SEBI/HO/MIRSD/DOP/CIR/P/2020/88  
Dated 25<sup>th</sup> May, 2020

SEBI, vide circular dated February 25, 2020, specified guidelines with regard to Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System. The provisions of this circular were to come into effect from June 01, 2020.

However, in view of the situation arising due to COVID-19, SEBI vide this circular, has extended the implementation of the provisions of the aforesaid circular to 1<sup>st</sup> August, 2020.

Accordingly, the trading member (TM)/clearing member (CM) are required to close all existing Demat accounts tagged as 'Client Margin/Collateral' by August 31, 2020.

However, the provision as specified in paragraph 4 of the aforesaid circular regarding holding of Power of Attorney by TM / CM not to be considered as equivalent to the collection of margin by TM / CM in respect of securities held in the Demat account of the client shall be applicable from June 01, 2020.

[Circular](#)



## MCA

### **1. Extension of the last date of filing of Form NFRA-2**

General Circular No. 19/2020  
Dated 30<sup>th</sup> April, 2020

Vide this circular, MCA has extended the last date for filing of Form NFRA-2 i.e. Annual Return required to be filed by the Auditor. The time limit for filing of form NFRA-2 for reporting period FY 2018-19 will be 210 days (Previously 150 days) from the date of deployment of this form on the website of National Financial Reporting Authority (NFRA).

[Circular](#)

### **2. Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)**

General Circular No. 20/2020  
Dated 5<sup>th</sup> May, 2020

Vide this Circular, MCA has allowed Companies to conduct their Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM) during the calendar year 2020 subject to the fulfilment of prescribed requirements.

The prescribed requirements / procedures for conduct of AGMs as aforesaid is categorised into the following:

1. For companies which are required to provide the facility of e-voting under the Act or any other company which has opted for such facility.
2. For companies which are not required to provide the facility of e-voting under the Act.

[Circular](#)

### **3. Clarification of dispatch of notice under section 62(2) of Companies Act, 2013 by listed companies for rights issue opening upto 31<sup>st</sup> July, 2020**

General Circular No. 21/2020  
Dated 11<sup>th</sup> May, 2020

SEBI vide Circular No.: SEBI/HO/CFD/DIL2/CIR/P/2020/78 Dated 6<sup>th</sup> May, 2020 has granted relaxation from dispatch of notice through speed post, registered post or courier services on account of threat posed by COVID-19. Failure to adhere to such other modes of dispatch will not be treated as non-compliance. The service of the abridged letter of offer, application form and other issue material to shareholders may be undertaken by electronic transmission.

In view of the aforesaid circular, MCA has clarified that listed companies inability's to dispatch the notice through registered post or speed post or courier will not be considered as violation under section 62(2) of the Act as long as they comply with the aforesaid provisions of SEBI circular.

[Circular](#)

### **4. Period/days of extension for names reserved and resubmission of forms**

Dated 22<sup>nd</sup> May, 2020

MCA has provided extension for reserving of names and filing of resubmission forms through notice uploaded on its website. Following is the gist of extensions:

S. No.	Issue Description	Period/Days of Extension
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1.	Names reserved for 20 days for new company incorporation. SPICe+ Part B needs to be filed within 20 days of name reservation.	Names expiring any day between 15 <sup>th</sup> March 2020 to 31 <sup>st</sup> May would be extended by 20 days beyond 31 <sup>st</sup> May 2020.
2.	Names reserved for 60 days for change of name of company. INC-24 needs to be filed within 60 days of name reservation.	Names expiring any day between 15 <sup>th</sup> March 2020 to 31 <sup>st</sup> May would be extended by 20 days beyond 31 <sup>st</sup> May 2020.
3.	Extension of RSUB validity for companies.	SRNs where last date of Resubmission (RSUB) falls between 15 <sup>th</sup> March 2020 to 31 <sup>st</sup> May, additional 15 days beyond 31 <sup>st</sup> May 2020 would be allowed.  However, for SRNs already marked under NTBR, extension would be provided on case to case basis.
4.	Names reserved for 90 days for new LLP incorporation/change of name. FiLLiP/Form 5 needs to be filed within 90 days of name reservation.	Names expiring any day between 15 <sup>th</sup> March 2020 to 31 <sup>st</sup> May would be extended by 20 days beyond 31 <sup>st</sup> May 2020.
5.	RSUB validity extension for LLPs.	SRNs where last date of resubmission (RSUB) falls between 15 <sup>th</sup> March 2020 to 31 <sup>st</sup> May 2020, additional 15 days would be allowed from 31 <sup>st</sup> May 2020 for resubmission. However, for SRNs already marked under NTBR, extension would be provided on case to case basis.
6.	Extension for marking IEPF-5 SRNs to 'Pending for Rejection u/r 7(3)' and 'Pending for Rejection u/r 7(7)'	SRNs where last date of filing e-Verification Report (for both Normal as well as Resubmission filing) falls between 15 <sup>th</sup> March 2020 to 31 <sup>st</sup> May 2020, would be allowed to file the form till 30th Sep 2020. However, for SRNs already marked under 'Pending for Rejection u/r 7(3)' and 'Pending for Rejection u/r 7(7)', extension would be provided on case to case basis.

Note: Forms under point 3 & 5 above, will not get marked to (Not to be taken on Record) 'NTBR' due to non-resubmission during this extended period as detailed above. Status of IEPF-5 SRN will not change to 'Pending for Rejection u/r 7(3)' and 'Pending for rejection u/r 7(7)' till 30<sup>th</sup> Sep'20.

[Notice](#)

**Disclaimer:**

This is not a complete listing of all circulars/notifications issued during the month.  
Instead it is only a listing of some of the circulars/notifications that we considered important.



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