

First Notes



Extension of timelines of filing of financial results for listed entities amid COVID-19 and other relaxations

10 May 2021

First Notes on

- Financial reporting
- Corporate law updates**
- Regulatory and other information**
- Disclosures

Sector

- All**
- Banking and insurance
- Information, communication, entertainment
- Consumer and industrial markets
- Infrastructure and government

Relevant to

- All**
- Audit committee
- CFO
- Others

Transition

- Immediately**
- Within the next three months
- Post three months but within six months
- Post six months
- Forthcoming requirement

Introduction

In order to accommodate concerns relating to the outbreak of second wave of the COVID-19 pandemic across India, recently, the Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs (MCA) have granted relaxations to companies from certain provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations) and the Companies Act, 2013 (2013 Act).

Those relate to the following:

Extension of timeline of various filings with the stock exchange(s)



Relaxations provided by MCA



This issue of First Notes aims to provide an overview of the relaxations provided by SEBI and MCA.

Overview of the relaxations

Extension of timeline of various filings with the stock exchange(s)

SEBI has extended the timeline for regulatory filing of financial results to be submitted by the listed entities to the recognised stock exchange(s) under the Listing Regulations and other circulars and other required compliances for the quarter, half-year and year ended 31 March 2021. The revised timelines are as follows:

I. For filing of financial results

| Requirement | Existing timeline for quarter/half year/ year ended 31 March 2021 | Revised timeline for quarter/ half-year/year ended 31 March 2021 |
|---|---|--|
| Listed entities with specified securities (i.e. equity shares and convertible shares)¹ | | |
| <ul style="list-style-type: none"> <i>Quarterly results other than last quarter:</i> Within 45 days from the end of each quarter <i>Annual results with last quarter results:</i> Within 60 days from the end of financial year | <p>15 May 2021</p> <p>30 May 2021</p> | <p>30 June 2021</p> <p>30 June 2021</p> |
| Listed entities with Non-Convertible Debentures (NCDs), Non-Convertible Redeemable Preference Shares (NCRPS)², Securitised debt instruments, Commercial Papers (CPs)³ and municipal debt securities⁴ | | |
| <ul style="list-style-type: none"> <i>Half-yearly results:</i> Within 45 days from the end of the half-year <i>Annual results:</i> Within 60 days from the end of financial year. | <p>15 May 2021</p> <p>30 May 2021</p> | <p>30 June 2021</p> <p>30 June 2021</p> |

(Source: KPMG in India's analysis, 2021 basis SEBI circulars no. SEBI/HO/CFD/CMD1/P/CIR/2021/556 dated 29 April 2021 and SEBI/HO/DDHS/DDHS_Div1/P/CIR/2021/557 dated 29 April 2021)

II. Other compliances

| Requirement | Existing timeline for quarter/half year/ year ended 31 March 2021 | Revised timeline for quarter/ half-year/year ended 31 March 2021 |
|---|---|--|
| Listed entities with specified securities (i.e. equity shares and convertible shares) | | |
| Filing of statement of deviation/variation ⁵ of end use of issue proceeds on a quarterly basis along with the declaration of financial results in the following manner: <ul style="list-style-type: none"> <i>Quarterly:</i> Within 45 days from the end of each quarter <i>In last quarter:</i> Within 60 days from the end of financial year | <p>15 May 2021</p> <p>30 May 2021</p> | <p>30 June 2021</p> <p>30 June 2021</p> |
| Filing of an annual secretarial compliance report ⁶ within 60 days of the end of financial year | 30 May 2021 | 30 June 2021 |

¹Regulation 33 of Listing Regulations

²Regulation 52 of Listing Regulations

³SEBI circular on listing of CPs SEBI/HO/DDHS/CIR/P/2019/115 dated 22 October 2019

⁴SEBI circular on compliance by entities with listed municipal debt securities SEBI/HO/DDHS/ CIR/P/134/2019 dated 13 November 2019)

⁵Regulation 32(1) of Listing Regulation read with circular no CIR/CFD/CMD1/162/2019 dated 24 December 2019

⁶Regulation 24A of Listing Regulation read with circular no CIR/CFD/CMD1/27/2019 dated 8 February 2019

II. Other compliances (cont.)

| Requirement | Existing timeline for quarter/half year/ year ended 31 March 2021 | Revised timeline for quarter/ half-year/year ended 31 March 2021 |
|---|---|--|
| Listed entities with NCDs and NCRPs | | |
| Filing of statement of deviation/variation ⁷ of end use of issue proceeds on a quarterly basis along with the declaration of financial results in the following manner: <ul style="list-style-type: none"> <i>Quarterly:</i> Within 45 days from the end of each quarter <i>In last quarter:</i> Within 60 days from the end of FY | 15 May 2021 30 May 2021 | 30 June 2021 30 June 2021 |

(Source: KPMG in India's analysis, 2021 basis SEBI circulars no. SEBI/HO/CFD/CMD1/P/CIR/2021/556 dated 29 April 2021 and SEBI/HO/DDHS/DDHS_Div1/P/CIR/2021/557 dated 29 April 2021)

III. Other relaxations:

Entities are permitted to use digital signature certifications under following situations:

- Under the Listing Regulations, 2015: For authentication/certification of filings/submissions made to the stock exchanges until 31 December 2021.
- Entities with listed CPs: For filings with stock Exchanges in terms of SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22 October 2019 relating to listing and disclosure requirements.
- Under SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015: For filings with stock exchanges in terms of SEBI circulars CIR/IMD/DF1/60/2017 dated 19 June 2017 and SEBI/HO/DDHS/CIR/P/134/2019 dated 13 November 2019 relating to continuous disclosures and compliances.

Relaxations provided by MCA

MCA through its circulars dated 3 May 2021 provided following relaxations for companies:

Time gap between two board meetings

Currently, Section 173(1) of the 2013 Act requires every company to hold minimum four meetings of its Board of Directors (BoD) every year with a gap of at least 120 days between two consecutive meetings.

Now the maximum time gap between two board meetings of companies may be extended to 180 days during the quarters from 1 April 2021 to 30 June 2021 and 1 July 2021 to 30 September 2021 instead of 120 days as required under Section 173(1) of the 2013 Act.



Extension of time for filing of forms

- Various forms:** Additional fees would not be levied upto 31 July 2021 for any delayed filing of various forms under the 2013 Act (other than charge related forms) that are due for filing during 1 April 2021 to 31 May 2021.



⁷Regulation 52 (7) of Listing Regulation read with circular no. SEBI/HO/DDHS/08/2020 dated 17 January 2020

Relaxations provided by MCA (cont.)

Extension of time for filing of forms (cont.)

- **Forms related to creation/modification of charges:** In relation to forms for creation/modification of charges, a company or a charge holder could fall in the following periods:
 - *Date of creation/modification of charge is before 1 April 2021, and the timeline for filing such form had not expired under Section 77 of the 2013 Act as on 1 April 2021:* In this case, the period beginning from 1 April 2021 and ending on 31 May 2021 would not be reckoned for the purpose of counting the number of days under section 77 or section 78 of the 2013 Act. In case, the form is not filed within such period, the first day after 31 March 2021 would be reckoned as 1 June 2021 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the 2013 Act.

If the form is filed on or before 31 May 2021, the fees payable as on 31 March 2021 under the Fees Rules for the said form shall be charged. If the form is filed thereafter, the applicable fees would be charged under the Fees Rules after adding the number of days beginning from 1 June 2021 and ending on the date of filing plus the time period lapsed from the date of the creation of charge till 31 March 2021.

- *Date of creation/modification of charge falls on any date between 1 April 2021 to 31 May 2021 (both dates inclusive):* The period beginning from the date of creation/modification of charge to 31 May 2021 would not be reckoned for the purpose of counting of days under section 77 or section 78 of the 2013 Act. In case, the form is not filed within such period, the first day after the date of creation/modification of charge would be reckoned as 1 June 2021 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the 2013 Act.

If the form is filed before 31 May 2021, normal fees would be payable under the Fees Rules. If the form is filed thereafter, the first day after the date of creation/modification of charge shall be reckoned as 1 June 2021 and the number of days till the date of filing of the form shall be counted accordingly for the purposes of payment of fees under the Fees Rules.



Our comments

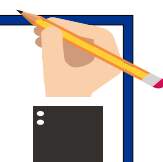
Considering the continuing impact of COVID-19 pandemic, SEBI granted relaxation to listed entities and has extended the timelines for filing of financial results for quarter/half year/financial year ended 31 March 2021 by listed entities (both equity and debt listed) up to 30 June 2021. The relaxations provided by SEBI are timely as entities are finalising the financial results for the quarter, half year and year-ended 31 March 2021 and would be preparing for various filings to be made to the stock exchanges. The relaxation provided would allow additional time to companies and its auditors working on finalising of the financial results for the period ended 31 March 2021.

It is important to note that in case of non-compliance with the provisions of the Listing Regulations, the standard operating procedure on imposition of fines and other enforcement actions as prescribed under SEBI circular dated 22 January 2020 will be applicable to companies.

Further MCA has also issued certain relaxations to ease the compliance burden of companies considering the disruption in operations and difficulties faced by the companies. These, *inter alia*, include relaxation from board meetings norms and charging no additional fee for late filing with the MCA-21 registry.

The bottom line

Companies should effectively utilise the extended time given and plan their operations to ensure due compliance within the revised timelines.



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Missed an issue of Accounting and Auditing Update or First Notes?



Issue no. 57 – April 2021

The topics covered in this issue are:

- IAASB's new guidance on EER Assurance Engagements
- US GAAP updates - SEC's focus on ESG and SPAC disclosures
- Regulatory updates.



MCA amends provisions relating to remuneration for independent directors and other amendments

30 April 2021

On 18 March 2021, the Central Government notified amendments to Sections 149 and 197 of the 2013 Act introduced through The Companies (Amendment) Act, 2020 (2020 Amendment Act) to provide remuneration for non-executive directors, including independent directors, in case of inadequacy of profits in a manner similar to executive directors. Further, MCA notified amendments to Part II of the Schedule V of the 2013 Act. The notification is effective from the date of its publication in the Gazette i.e. 18 March 2021.

Additionally, on 24 March 2021, the Central Government also notified amendments to Sections 124 and 247 of the 2013 Act relating to decriminalisation of offences.

This issue of First Notes provides an overview of the recently notified sections of the 2020 Amendment Act and changes to Schedule V of the 2013 Act.

Voices on Reporting



KPMG in India is pleased to present Voices on Reporting (VOR) – a series of knowledge sharing calls to discuss current and emerging issues relating to financial reporting

On 20 April 2021, KPMG in India released the VOR - Annual updates publication. The publication provides a summary of key updates from the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), the Institute of Chartered Accountants of India (ICAI) and the Reserve Bank of India (RBI) that are expected to be relevant for stakeholders for the year ended 31 March 2021.

To access the publication, please click [here](#).

Feedback/queries can be sent to aaupdate@kpmg.com

Previous editions are available to download from: home.kpmg/in

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