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INDIAN LISTED ENTITIES TO MAKE DISCLOSURE ABOUT THE IMPACT OF COVID-19 ON THEIR BUSINESS

Market regulator SEBI has advised Indian Listed Entities to make quantitative and qualitative disclosures about the impact of Coronavirus on their businesses. SEBI also pointed out that while Indian listed entities have already been making disclosures on shutting down of operations due to the pandemic and resultant lockdowns, and some have disclosed action taken towards sanitisation and safety, only few have disclosed financial impact. Listed entities should endeavour to ensure that all investors have access to timely, adequate and updated information. Thus, listed entities are required to make disclosures regarding the impact of the pandemic, including that on financial condition and results of operations, future operations.

An illustrative list of information that listed entities may consider disclosing, subject to the application of materiality, is given below:

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 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. Impact of Covid-19 on profitability, liquidity, financial resources assets, internal control and financial reporting, assets
7. ability to service debt and other financial arrangement
8. Demand and supply for product & services.

BSE, NSE REDUCED ANNUAL LISTING FEES FOR SMEs BY 25%

To support small and medium enterprises (SMEs) during the Covid-19 pandemic, both the National Stock Exchange (NSE) and the BSE Limited (BSE) decided to reduce their annual listing fees for SME by 25%.

The revised fee structure for BSE, NSE will be applicable to both, companies currently listed on the SME platform and the companies that are awaiting to be listed on the SME platform.

RELAXATION OF ELIGIBILITY CRITERIA FOR LISTING ON THE BSE SME PLATFORM

In view of the impact of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, BSE has relaxed the eligibility criteria for listing on the BSE SME Platform. The revised norms will be applicable from June 01, 2020:



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The comparison between present criteria and revised criteria are mentioned below:

Criteria	Present Norms	Revised Norms	Impact
Net Tangible Assets	Rs. 3 crores	Rs. 1.5 crores	Requirement of Net Tangible Assets has been revised from Rs 3 crore to Rs 1.50 crore
Track Record	The company or the partnership/proprietorship/LLP firm or the firm which have been converted into the company should have a combined track record of at least 3 years. Or	The company or the partnership/proprietorship/LLP firm or the firm which have been converted into the company should have a combined track record of at least 3 years. Or	No change
	In case it has not completed its operation for three years then the company/partnership/proprietorship/LLP should have been funded by Banks or financial institutions or Central or state government or the group company should be listed for at least two years either on the main board or SME board of the Exchange.	In case it has not completed its operation for three years then the company/partnership/proprietorship/LLP should have been funded by Banks or financial institutions or Central or state government or the group company should be listed for at least two years either on the main board or SME board of the Exchange.	No change
	The company or the firm or the firm which have been converted into the company should have combined positive cash accruals (earnings before depreciation and tax) from operation and its net worth should be positive.	The company or the firm or the firm which have been converted into the company should have combined positive cash accruals (earnings before depreciation and tax) in any of the year out of last three years and its net worth should be positive	The company should have combined positive cash accruals in any of the year out of last three years

INDIA TO ALLOW PRIVATE COMPANIES TO LIST ON FOREIGN EXCHANGE

Private companies will be able to list in 'permissible jurisdictions' – likely to include the US, China, Japan, South Korea, the UK, Hong Kong, France, Germany, Canada and Switzerland. India's government will allow domestic companies in the country to directly list their shares on overseas exchanges, Finance Minister Nirmala Sitharaman said on May 17, 2020.

Currently, direct listings by Indian companies on foreign stock exchanges are not permitted, and foreign companies are likewise not allowed to directly list their shares in India.

In early December, SEBI issued a consultation report on a proposal to allow Indian companies to list on foreign exchanges without first being listed in India.

FEEL FREE TO CONTACT FOR FURTHER ASSISTANCE.



DISCLAIMER:

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