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MCA issues clarification on Holding Annual General Meeting through video conferencing or other audio visual means



The Ministry of Corporate Affairs on 5th May 2020, has issued a clarification on holding of Annual General Meeting through video conferencing or any other audio-visual means. MCA in its earlier circular dated 21st April 2020 has allowed the companies whose financial year ended on December 31, 2019, to hold their AGM by September 30, 2020.

However due to the representations received from stakeholders for providing relaxations in the provisions of Companies Act, 2013 or rules made to allow companies to hold Annual General Meetings (AGM) in a manner similar to the one provided in General Circular which deals with the conduct of Extraordinary General Meetings (EGM). The detailed notification can be found in the following link:

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

SEBI relaxes procedure related to Right issue and Listing



SEBI through its circular on 6th May 2020 has issued one time relaxations from strict

enforcement of certain regulations of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations), pertaining to Rights Issue opening up to July 31, 2020:

Regulation	Compliance Particulars	Relaxations	Other Conditions
77(2) of the ICDR Regulation	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.	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.
84(1) of the ICDR Regulation	Advertisement shall contain additional details as regards the manner in	The issuer may have the flexibility to publish the advertisement in additional	The advertisement should also be made available on the website of the Issuer, Registrar, Lead Managers,

	which the shareholders who have not been served notice electronically may apply	newspapers, over and above those required in Regulation 84.	and Stock Exchanges. The Issuer shall make use of advertisements in television channels, radio, internet etc. to disseminate information relating to the application process.
SEBI circular dated January 22, 2020, SEBI introduced dematerialized rights entitlements (REs).	physical shareholders are required to provide their demat account details to Issuer/ Registrar to the Issue for credit of REs	<p>Relaxations: 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> <p>a) 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</p> <p>b) Such shareholder shall not be eligible</p>	

		to renounce their rights entitlements. c) Such physical shareholders shall receive shares, in respect of their application, only in demat mode
Regulation 76 of the ICDR Regulations	an application for a rights issue shall be made only through ASBA facility	Relaxations: 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.
all offer documents filed until July 31, 2020		Relaxations: a) Authentication/ certification/ Undertaking(s) in respect of offer documents, may be done using digital signature certifications. b) The issuer along with lead manager(s) shall provide procedure for inspection of material documents electronically

Relief to listed companies on delivery of notice to shareholders for Right issue of shares u/s 62(2) of Companies Act, 2013.



Any company having a share capital proposes to increase its subscribed capital by issue of further shares, such shares shall be offered to a person who are the holders of equity shares of the company in proportion to the paid up share capital on those shares by sending a letter of offer made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding 30 days from the date of the offer, if not accepted shall be deemed to be declined. As per Section 62 (2) of companies act, 2013 the notice should be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders of the company at least three days before the opening of the issue. Due to the threat posed by COVID – 19 the companies are facing difficulties in sending the notice mentioned earlier through postal or courier services. Therefore to smooth all the compliances MCA has clarified that in case of listed companies who is opening the right issues up to 31st July, 2020 comply with the SEBI circular who is unable to dispatch the notices to their shareholders through registered post or speed post will not be considered as violation of this act.

SEBI directed listed entities to disclose the impact of COVID–19 Pandemic on its operations



COVID–19 pandemic and the consequent lockdown restrictions imposed by national governments has impacted businesses not only in India but all over the world. In view of the same, SEBI on 20th May 2020 has granted several relaxations to the listed entities in terms of timelines for filing of various reports/disclosures under (Listing Obligations and Disclosure Requirements) LODR Regulation, 2015. While such a lockdown and disruption is unforeseen and beyond the control of the entities, such events can lead to distortions in the market due to the gaps in information available about the operations of a listed entity. Hence, it is important for a listed entity to ensure that all available information about the impact of these events on the company and its operations is communicated in a timely and cogent manner to its investors and stakeholders.³ Various provisions under the LODR Regulations already require listed entities to disclose material events which have a bearing on its performance operations. The detailed provisions can be found in the link below:

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

SEBI relaxes procedural matters – Takeovers and Buy-back.



In view of the impact of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, based on representations, the following one time relaxations are granted from strict enforcement of certain regulations of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereafter “Takeover Regulations”) and SEBI (Buy-back of securities) Regulations, 2018 (hereafter “Buy-back Regulations”) pertaining to open offers and buy-back tender offers opening up to July 31, 2020. The detailed notification can be found in the following link:

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

Listing of Mutual Fund schemes that are in the process of Winding up



As per Mutual Fund (MF) Regulations, there are several steps envisaged with

respect to winding up of Mutual Fund schemes before the scheme ceases to exist. During this process, such units can be listed and traded on a recognized stock exchange, which may provide an exit to investors. In terms of Regulation 31B(1) of the MF Regulations, the units of Mutual Fund schemes can be listed in the recognized stock exchange.

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

However, pursuant to listing, trading on stock exchange mechanism will not be mandatory for investors, rather, if they so desire, may avail an optional channel to exit provided to them. Initially, trading in units of such a listed scheme that is under the process of winding up, shall be in dematerialized form. AMCs shall enable transfer of such units which are held in form of Statement of Account (SoA) / unit certificates.

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