



भारतीयप्रतिभूतिऔरविनियमयबोर्ड

Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CFD/CMD1/CIR/P/2020/84

May 20, 2020

To,

All listed entities  
All Recognized Stock Exchanges  
All Depositories

Madam / Sir,

Subject: 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**')

1. The 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 has granted several relaxations to the listed entities in terms of timelines for filing of various reports/disclosures under LODR Regulations.
2. 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. These provisions are reiterated below:
  - a. Regulation 30(3) of the LODR specifies that a listed entity shall make disclosures of events specified in Para B of Part A of Schedule III of LODR, based on application of the guidelines for materiality. Clause 6 of Para B of Part A of Schedule III of LODR specifies events such as "Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc." that shall be disclosed upon application of the guidelines for materiality referred in Regulation 30(4).
  - b. SEBI vide Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, has provided further guidance to the listed entities on such disclosures. Annexure I to the circular, specifically, provides the details to be disclosed in cases of disruptions of operations due to natural calamity, force majeure and other events.



- c. Similarly, for non-convertibles, Regulation 51(1) of the LODR requires prompt dissemination to the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend. As per Clause 16 of Part B of Schedule III read with Regulation 51(2) of the LODR, a listed entity shall promptly inform to the stock exchange(s) of any other information having bearing on the operation/performance of the listed entity.
4. It is observed that many listed entities have made disclosures under LODR Regulations, primarily intimating shutdown of operations owing to the pandemic and resultant lockdowns. Some listed entities have provided information relating to actions taken towards sanitation, safety etc.; the number of entities that have disclosed the financial impact, however, is small.
5. Listed entities around the world have been making disclosures regarding the impact of the 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.
6. Listed entities should endeavour to ensure that all investors have access to timely, adequate and updated information. Towards this end, entities are encouraged to evaluate the impact of the CoVID-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same. An illustrative list of information that listed entities may consider disclosing, subject to the application of materiality, is given below:
- Impact of the CoVID-19 pandemic on the business;
  - Ability to maintain operations including the factories/units/office spaces functioning and closed down;
  - Schedule, if any, for restarting the operations;
  - Steps taken to ensure smooth functioning of operations;
  - Estimation of the future impact of CoVID-19 on its operations;
  - 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;



भारतीयप्रतिभूतिऔरविनियमयबोर्ड

Securities and Exchange Board of India

- supply chain;
- demand for its products/services;
- Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;
- Other relevant material updates about the listed entity's business.

The above list is only illustrative and not exhaustive. Further, to have continuous information about the impact of CoVID-19 on operations, listed entities may provide regular updates, as and when there are material developments.

7. Additionally, while submitting financial statements under Regulation 33 of the LODR, listed entities may specify/include the impact of the CoVID-19 pandemic on their financial statements, to the extent possible.
8. When listed entities disclose material information related to the impact of CoVID-19, they should not resort to selective disclosures, keeping in mind the principles governing disclosures and obligations of a listed entity as prescribed in LODR Regulations, more specifically, having regard to the requirements of Regulation 4(2)(e) of the LODR on disclosure and transparency. 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.
9. This Circular shall come into force with immediate effect. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all listed entities and also disseminate the same on their websites.
10. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the LODR Regulations.
11. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal→Circulars".

Yours faithfully,

Pradeep Ramakrishnan  
General Manager  
Corporation Finance Department  
Compliance and Monitoring Division-1  
+91-22-26449246  
[pradeep@sebi.gov.in](mailto:pradeep@sebi.gov.in)