

NDA Update: SEBI advisory on disclosure of material impact of CoVID–19 pandemic

SEBI vide its circular (SEBI/HO/CFD/CMD1/CIR/P/2020/84 dt 20-05-2020) has emphasized that it is important for a listed entity to ensure that all available information about the impact of lockdown and disruption of activities due to CoVID–19 pandemic on the company and its operations is communicated in a timely and proper manner to its investors and stakeholders. Such disclosures of material events having a bearing on the performance / operations of a listed entity is already required to be disclosed under various clauses of the LODR Regulations

SEBI has observed that many listed entities have made disclosures under LODR Regulations regarding suspension of operations owing to the pandemic and resultant lockdowns. However, the financial impact has been disclosed by few entities only.

SEBI has advised the entities to evaluate the impact of the CoVID-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disclose the same. It has also provided an illustrative list of disclosures which a listed entity may make.

- Impact of the CoVID-19 pandemic on the business;
- Ability to maintain
- 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;
 - 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;
- Any other relevant material information

Additionally, while submitting financial statements under Regulation 33 of the LODR, listed entities may include the impact of the CoVID-19 pandemic on their financial statements, to the extent possible.

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