VAARTA..Let's talk!

Alacrity Corporate Solutions Pvt. Ltd.

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Dear Reader,

"धीरज धरम मित्र अरु नारी, आपद काल परीखिये चारी" - संत तुलसीदास

TRUE CHARATER OF PATIENCE, RELIGION, FRIEND AND WOMEN IS TESTED UNDER AN EMERGENCY OR TOUGH TIMES.

We all are going through tough times, we cannot meet, we cannot travel but yes we can talk. Thanks to our desire and enabling technology, we can still interact. Alacrity being a true companion for the clients and people associated with it, puts all its knowledge, experience and tools to ***"foster prosperity to you"***

The world is changing fast and so is the compliance regime, every day is witnessing multiple changes around compliance ecosystems of business and society. Norms are changing and so it is utmost important for us to keep ourselves updated.

"VAARTA--- LETS TALK". Is an initiative to keep in touch and share some legal insights and news about the changes in the corporate world. We want you to be updated with all the recent amendments and its impact on you as an organization.

It is a weekly circulation with each edition targeting one specific area of compliance.

This issue highlights and captures amendments and events relating to the **FEMA/RBI and SEBI updates.**

We will like to hear from you, please send your feedback to csarpita@alacritycorp.com for any improvements or suggestions.

Thank you in anticipation for your reading and sending your comments.

STAY HOME, STAY SAFE ***Editorial team***

On March 27, 2020, to mitigate the impact of COVID-19 on the financial market, the Reserve Bank of India (the "RBI") announced a regulatory package,

(The "Regulatory Package")

- *The RBI has recognized the imminent stress that the borrowers and in turn the banking industry is bound to face due to the COVID-19 pandemic and as such the COVID Regulatory Package comes at a very opportune time, offering a breather to the financing players as well as to the borrowers across the spectrum.*
- *The lending institutions will now need to quickly put in place a board approved policy to implement the COVID Regulatory Package and any such policy should clearly set out the criteria for dispensation and how the lending institutions will pass on the benefit to the borrowers.*
- *This, along with the recent increase in the default threshold (from INR 1,00,000 to INR 1,00,00,000) under Insolvency and Bankruptcy Code, 2016, would go a long way in reducing enforcement/ recovery pressure on borrowers, at a time when the economy appears to be headed for prolonged disruption and financial stress.*

In This Issue

Sr. No.	TOPIC	Source	Contributed by
1	RBI relaxations to States, banks and exporters due to Covid-19	https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=11835	CS Kalpa Jaiswal
2	FEMA / RBI Compliance	https://pib.gov.in/newsite/PrintRelease.aspx?relid=202359	CS Arpita Saxena

3	Relaxation for ***SEBI Compl*** ... SEBI (LODR), Regulations, ...	....in/leg ... ation- document_46341.html	***CS Divya Panchal***

RBI MEASURES FOR COVID 19

RBI released a circular (Ref: RBI/2019-20/ 186 DOR.No.BP.BC.47/21.04.048/2019-20) on COVID-19 - Regulatory Package (COVID Regulatory Package) to, *inter alia*, mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure business continuity for viable enterprises.

Key highlights of COVID Regulatory Package are set out below:

Rescheduling of Payments – Term Loans and Working Capital Facilities:
Moratorium of three months on debt servicing in respect of all term loans outstanding falling due between 1 March 2020 to 31 May 2020

Easing of Working Capital Financing:
Lending institutions have been permitted to recalculate the drawing power of the borrowers by reducing margins and/or by reassessing the working capital cycle for the borrowers up to 31 May 2020.

Classification of Special Mention Account and Non-Performing Assets:
Moratorium/Deferment/Recalculation will not be deemed to a restructuring that requires asset classification.

FEMA / RBI Compliance

COVID-19 IMPACT: AMENDMENT IN EXTANT FDI POLICY FOR CURBING OPPORTUNISTIC TAKEOVERS/ACQUISITIONS OF INDIAN COMPANIES:

The Pandemic COVID-19 has adversely affected the corporates worldwide resulting negative impact on the stock market and considerable fall in share prices. This unprecedented environmental crisis has exposed the Companies that have been weakened by the crisis to a potential risk of acquisition or takeover. The COVID-19 has provoked some countries, particularly in Europe to take more stringent approach and to take steps to protect susceptible companies from being taken over by foreign investors. Spain, France, Italy, Germany, Australia United states and EU, all are taking a more stringent approach toward foreign investment. The need for such a restriction in India was felt after People's Bank of China (PBOC) raised its stake from 0.8% to 1.01% in Housing Development Finance Corporation Limited (HDFC).

Considering the Global scenario and with an aim to protect the Indian Companies, Government of India decided to amend its Foreign Direct Investment Policy. On 17th April, 2020 Department for Promotion Industry and International Trade **(DPIIT)** under the Ministry of Commerce and Industry has issued a press note to this effect. Thereafter, the Ministry of Finance, Government of India issued a **notification dated 22nd April 2020** to amend its foreign direct investment (FDI) policy to protect Indian companies from "opportunistic takeovers/acquisitions of Indian companies due to the current 2019-20 coronavirus pandemic". The new FDI policy does not restrict markets but the policy ensures that all FDI will now be under scrutiny of the Ministry of Commerce and Industry. (*Notification can be viewed at* https://pib.gov.in/newsite/PrintRelease.aspx?relid=202359)

The amended Foreign Direct Investment (FDI) regulations mandates that all investments into India originating from entities based in countries sharing land borders with India, or where the beneficial owners of such investments are situated in such countries or are citizens of such country, which shares a land border with India, will require prior approval from the Indian Government.

For ease of reference pre and post amendment rules are set out as under:

PRIOR AMENDMENT	POST AMENDMENT
Rule 6 of Non-Debt Instruments Rules 2019	**Rule 6 of Non-Debt Instruments Rules 2020**
A person resident outside India may make investment as under: - (a) may subscribe, purchase or sell equity instruments of an Indian company in the manner and subject to the terms and conditions specified in Schedule I: Provided that a person who is a citizen of **Bangladesh or Pakistan** or is an entity incorporated in **Bangladesh or Pakistan** cannot purchase equity instruments without the prior government approval: Provided further that a **citizen of Pakistan** or an **entity incorporated in Pakistan** cannot invest in defence, space, atomic energy and sectors or activities **prohibited** for foreign investment even through the government route.	A person resident outside India may make investment as under: - (a) may subscribe, purchase or sell equity instruments of an Indian company in the manner and subject to the terms and conditions specified in Schedule I: Provided that an entity of a country, which shares **land border with India** or the **beneficial owner** of an investment into India who is situated in or is a citizen of any such country, shall invest only with the **Government approval.** Provided further that, a citizen of Pakistan or an entity incorporated in Pakistan shall invest only under the Government route, in sectors or activities other than defence, space, atomic energy and such other sectors or activities prohibited for foreign

	investment: Provided also that in the event of the **transfer of ownership** of any **existing or future FDI** in an entity in India, **directly or indirectly**, resulting in the beneficial ownership falling within the restriction or purview of the above provisos, such subsequent change in beneficial ownership shall also require government approval ".

IMPACTS OF ABOVE AMENDMENT:

Previously, except the prohibited and sectors that require Government approval, foreign entities (except those situated in Pakistan and Bangladesh) were permitted to invest in any industry. However, post amendment the Indian Government has brought all countries with which India shares its land borders into the purview of the approval route. The main aim is to control opportunistic takeovers/acquisitions of Indian companies due to the COVID-19 pandemic.

- **Impact on neighbouring Countries**: India Shares its Land Borders with the neighboring countries viz. Pakistan, Bangladesh, China, Nepal, Myanmar, Bhutan, and Afghanistan. This change would affect fund raising by Indian companies from investors in bordering countries (especially China) which had been a major foreign investor in past.

- **Impact on existing investments**: The amendment does not propose to change the status of existing investments by individuals/entities of Bordering Countries. However, for further Investment in existing Companies by any entity falling in bordering countries, prior approval will be required. And there may also be a need to revisit their existing terms or obtaining of fresh approval for taking further investment.

- **Events of Transfer of ownership**: The amendment has also covered transfer of ownership of an Indian entity, directly or indirectly, resulting any change in beneficial ownership. Thus, approval of Government will be required in cases where Investors of any such countries transfer their holding in an Indian entity to another citizen and/or entity of any such countries.

- **Clarity with respect to Beneficial Owner**: In the stated notification, neither any threshold for determining the change in beneficial owner nor the definition of Beneficial owner has not been provided which may result in confusion. However, the term has been defined under other FDI regulations and also The Companies Act, 2013 and until there are further guidance by the Government in this regard, these can be followed for this purpose. Therefore, in the absence of any threshold prescribed, even a minor change in the beneficial ownership of the Indian entity would require the approval from the Indian Government.

- **Impact on raising funds through DEBT**: The amendment is particularly limited to FDI in equity instruments i.e. equity shares and other securities compulsorily convertible into equity shares. The debt funds that are not compulsorily convertible into equity shares are not covered in the same. However, there may be requirement of assessment to be done in case any special privileged rights are attached to debt funds and accordingly the need for approval to be determined.

This certainly will be reviewed seriously by the CHINESE and it will have impact on CHINA-INDIA trade relationship. Let us see how this unfolds.

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Compliance Calendar for SEBI COMPLIANCE

(Post relaxations in relation to compliance with various provisions due to COVID-19 pandemic)

Regulation	Existing Timelines / Due Date	Relaxation	Clarification
Regulation 44(5) of LODR	Top 500 listed entities by market capitalization to hold their Annual General Meeting AGM) within a period of five months from the date of the financial year	Top 500 listed entities by market capitalization whose financial year ended on December 31, 2019 may hold their within a period of nine months from the closure of the financial year (i.e., by September 30, 2020)	-
Regulation 24(i)(f) of SEBI (Buy-back of Securities) Regulations, 2018	Companies shall not raise further capital for a period of one year from the expiry of buyback period, except in discharge of their subsisting obligations	To enable relatively quicker access to capital "one year" shall be read as "six months" in the said regulation	*This relaxation will be applicable till December 31, 2020
Regulation 86(1) SEBI (Issue of Capital and Disclosure	The minimum subscription to be received in the issue	The minimum subscription to be received in the issue	If the issue is subscribed between 75% to 90%, issue

Requirements) Regulations,2018	shall be at least ninety per cent. of the offer through the offer document.	shall be at least seventy-five per cent of the offer through the offer document.	will be considered successful subject to the condition that out of the funds raised atleast75% of the issue size shall be utilized for the objects of the issue other than general corporate purpose
Regulation 44(1), 85 and 140 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018	Public issue/rights issue may be opened within twelve months from the date of issuance of observations by SEBI	Validity of the SEBI Observations where the same have expired/will expire between March1, 2020 and September 30, 2020 has been extended by 6 months, from the date of expiry of such observation	An undertaking from lead manager of the issue Confirming compliance with Schedule XVI of the ICDR Regulations required while submitting the updated offer document to the Board
Schedule XVI (1) (f)(i) of the ICDR Regulations, 2018	Increase or Decrease in estimated fresh issue size by more than twenty	An issuer shall be permitted to increase or decrease the fresh issue size by up to 50	(a) there has been no change in the objects of the issue (b) the lead manager undertakes

	percent of the estimated fresh issue size shall require fresh filing of the draft offer document along with fees	% of the estimated issue size without requiring to file fresh draft offer document	that the draft offer document is in compliance with provisions of Regulation 7(1)(e) (c)the lead manager shall ensure that all appropriate changes are made to the relevant section of DRHP and an addendum, in this regard, shall be made public. * This relaxation on change in fresh issue size shall be applicable for issues (IPO/ Rights Issues/ FPO) opening before December 31, 2020
Regulation 29 (2) of LODR	Prior intimation about meetings of the board (excluding the date of the intimation and date of the meeting) as follows: •at least 5 days before the meeting if	Prior intimation of 5 days / 2 working days shall be reduced to 2 days for board meetings held till July 31, 2020	

	financial results are to be considered •2 working days in other cases		
Regulation 39 (3) of LODR	Listed entities to submit information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange within two days of its getting information.	Any delay beyond the stipulated time will not attract penal Provisions.	This relaxation is for intimations to be made between March 1, 2020 to May 31, 2020
Regulations 30(1), 30(2) and 31(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations)	Shareholders to compile, collate, and disseminate information of their consolidated shareholding as on March 31, 2020, to the company and the stock exchanges within seven working days from the end of the Financial year.	Due date of filing disclosures for the financial year ending March 31, 2020 extended till June 01, 2020	
Regulation 47 of the LODR	Publication in the newspapers,	Exemption has been given for publication	

	information notice of the board meeting, financial results etc.	of advertisements in newspapers as required under regulation 47 for all events scheduled till May 15, 2020	
Regulation 40(9) of the LODR	Certificate from Practicing Company Secretary on timely issue of share certificates required to be furnished within 1 month of the end of each half of the financial year	Due date extended from April 30, 2020 to May 31, 2020	
Regulation 19(3A) of the LODR	The nomination and remuneration committee shall meet at least once in a year	Due date extended from March 31, 2020 to June 30, 2020	
Regulation 20(3A) of the LODR	The Stakeholders Relationship committee shall meet at least once in a year.	Due date extended from March 31, 2020 to June 30, 2020	
Regulation 21(3A) of the LODR	The Risk Management	Due date extended from March 31, 2020	

	Committee shall meet at least once in a year	to June 30, 2020	
Regulation 7(3) of the LODR	Compliance certificate on share transfer facility required to be furnished within One month of the end of each half of the financial year	Due date extended from April 30, 2020 to May 31, 2020	
Regulation 13(3) of the LODR	Statement of Investor complaints required to be furnished within 21 days from the end of each quarter	Due date extended from April 21 , 2020 to May 15, 2020	
Regulation 24A of the LODR read with circular No CIR/CFD/CMD1/27/2019 dated February 8, 2019	Secretarial Compliance report required to be furnished 60 days from the end of the financial year	Due date extended from May 30 , 2020 to June 30, 2020	
Regulation 27(2) of the LODR	Corporate Governance report required to be furnished within 15 days from the end of the quarter	Due date extended from April 15 , 2020 to May 15, 2020	
Regulation 31 of the	Shareholding Pattern	Due date extended	

LODR	required to be furnished 21 days from the end of the quarter	from April 21 , 2020 to May 15, 2020	
Regulation 33 of the LODR	Financial Results required to be furnished within 45 days from the end of the quarter for quarterly results & within 60 days from the end of Financial Year for Annual Financial Results	Due date extended from May 15, 2020 to June 30, 2020 for Quarterly reporting and from May 30, 2020 to June 30, 2020 for annual reporting requirement	
Regulation 17(2) of the LODR	The board of directors shall meet at least four times a year, with a maximum time gap of 120 days between any two meetings.	The board of directors and Audit Committee of the listed entity are exempted from observing the maximum stipulated time gap between two meetings for the meetings held or proposed to be held between the period December 1, 2019 and June 30, 2020.	Board of directors / Audit Committee shall ensure that they meet At least four times a year, as stipulated under regulations 17(2) and 18(2)(a) of the LODR
Regulation 18(2)(a) of the LODR	The audit committee shall meet at least four times in a year and not more than 120 days shall elapse between two meetings		

SEBI REGULATIONS

In order to enable issuers who intend/propose to list their NCD/NCRPS/CPs, it has been decided to grant the following relaxations in timelines:

Particulars	Available Audited financials	Date for issuance	Extended date for issuance	Period of relaxation
Cut-off date for issuance of NCDs/NCRPS/CPs	As on September 30, 2019	On or before March 31, 2020	On or before May 31, 2020	60 Days

Source:https://www.sebi.gov.in/legal/circulars/mar-2020/general-information-document_46341.html

Extension of timeline for filings under SEBI (LODR) Regulation 2015

The timelines for certain filings as required under the provisions of the LODR and aforesaid circulars are extended, as follows:

S.NO	Regulation and Associated Filing					
		Frequency	Due Within	Due Date	Extended Date	Period of Relaxation
1.	Large Corporate-Initial Disclosure and Annual Disclosure (SEBI Circular HO/DDHS/CIR/P/2018/144 dated November 26, 2018)	Yearly Initial Disclosure - within 30 days from the beginning of Financial year Annual Disclosure - within 45 days from the end of Financial year		April 30,2020 May 15, 2020	June 30,2020 June 30,2020	60 Days 45 Days

Non-Convertible Debentures (NCDs) / Non-Convertible Redeemable Preference Shares(NCRPs)						
2.	Regulation 52 (1) and (2) relating to Financial Results	Half yearly/Yearly	45 days from the end of the Half Year 60 days from the end of Financial Year for Annual Financial Results	May 15, 2020 May 30, 2020	June 30, 2020 June 30, 2020	45 days 30 Days
3	Common obligations prescribed under Chapter-III of SEBI (LODR) Regulations, 2015	Timelines as prescribed in SEBI Circular no. SEBI/HO/CD/CMD1/ CIR/P/2020/38 dated March 19, 2020				
	COMMERCIAL PAPER(CPs)					
4.	Financial Results	Half yearly/Yearly	45 days from the end of the Half Year 60 days from the	May 15, 2020 May 30,	June 30, 2020 June 30, 2020	45 Days 30 Days

			end of Financial Year for Annual Financial Results	2020		

ALTHOUGH SOCIAL DISTANCING SEPARATES US PHYSICALLY BUT WE ARE ALWAYS UNITED DIGITALLY

OUR KNOWLEDGE PARTNER

PRANAV KUMAR & ASSOCIATES

FOUNDER: MR PRANAV KUMAR

Company Secretary having an experience over 20 years

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For any suggestions, query or concern write to us at services@alacritycorp.com or call us at 0120-4126564 or 9716050088