



B K KHARE & Co
CHARTERED ACCOUNTANTS

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Regulatory

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SEBI Updates



SEBI mandates e-book platform for NCDs portion of the issue

SEBI introduced guidelines for non-convertible debentures with warrants products, whereby it made electronic book platform (EBP) mandatory for the NCDs portion of the issue. The move is aimed at streamlining the procedure of issuance and applicability of EBP mechanism on the NCDs portion. →

SEBI allows non-scheduled payments banks to register as bankers to an issue

To provide easy access to investors to participate in public and rights issues by using various payment avenues, markets regulator SEBI allowed non-scheduled payments banks to carry out the activities of investment bankers subject to fulfilment of the conditions stipulated in the SEBI (Banker to an Issue) Regulations, 1994 (BTI Regulations). →

SEBI has issued a circular for security and covenant monitoring using distributed ledger technology

SEBI asked depositories to use distributed ledger or block chain technology to record and monitor security creation as well as covenants of non-convertible securities. The distributed ledger technology has the potential to provide a more resilient system than traditional centralised databases. It offers better protection against different types of cyber-attacks because of its distributed nature, which removes the single point of attack. →

SEBI Updates format for promoters, promoter group entities' shareholding disclosure

With a view to provide greater transparency, SEBI vide Circular dated 13 August 2021 has mandated new format in which promoter and promoter group shareholding should be disclosed separately. Promoter Group means an immediate relative of the Promoter (i.e., spouse of that person, or any parent, brother, sister or child of the person or of the spouse). →

Amendments to provisions relating to debt- listed entities

SEBI has provided certain relaxations to debt-listed entities as follows:

- Disclosures with financial results: The amendments have omitted the requirement of making following disclosures by a debt listed entity along with the half-yearly/annual financial results as required under Regulation 52 of the Listing Regulations:
 - a. Credit rating and change in credit rating, if any.
 - b. Asset cover available in case of NCDS.
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- c. Previous due date for the payment of interest/dividend for NCRPS/repayment of principal of NCRPS/NCDS and whether the same has been paid or not.
- d. Next due date for the payment of interest/ dividend of NCRPS/principal along with the amount of interest/dividend of NCRPS payable and the redemption amount.
- Other submissions to stock exchanges: The requirement of submitting an undertaking to the stock exchange(s) on an annual basis stating that all documents and intimations required to be submitted to debenture trustees in terms of trust deed and SEBI (Issue and Listing of Debt Securities) Regulations, 2008 have been complied with, has been omitted.

The amendments are effective from the date of its publication in the official gazette i.e., 13 August 2021.

RBI Updates



Prudential norms for off-Balance Sheet exposures of banks – Restructuring of derivative contracts

RBI has clarified that transition from LIBOR to an alternative reference rate shall not be treated as restructuring of derivative contract. This shall be applicable to all banks. →

Resolution framework for COVID-19-related stress - Financial Parameters – Revised timelines for compliance

In view of the resurgence of the Covid-19 pandemic in 2021 and recognising the difficulties it may pose for the borrowers in meeting the operational parameters, RBI has decided to defer the target date for meeting the specified thresholds in respect of the four operational parameters, viz. Total Debt / EBIDTA, Current Ratio, DSCR (Debt Service Coverage Ratio) and ADSCR (Average Debt Service Coverage Ratio), to 1 October 2022.

The target date for achieving the ratio TOL/ATNW (Total Liabilities/ Average Tangible Net worth), as crystallised in terms of the resolution plan, shall remain unchanged as 31 March 2022.

Master Directions on Prepaid Payment Instruments (PPIs)

To provide a framework for authorisation, regulation and supervision of entities issuing and operating PPIs in the country, foster competition, encourage innovation and provide for harmonisation and interoperability, the Reserve Bank of India has issued Master Directions on Prepaid Payment Instruments (MD-PPIs). →

RBI gives clarification with respect to compliance for all granted share-linked instruments

RBI observed that banks do not recognise grant of the share-linked compensation as an expense in their books of account concurrently, which is required to be fair valued on the date of grant using Black-Scholes model. →

RBI makes changes in Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

In line with Government of India Gazette Notification No. S.O. 2405(E) dated 17 June 2021 that had prescribed criteria for notification as 'Financial Institution', RBI modified the Master Direction relating to Non-Banking Financial Company and notified Housing Finance Company (Reserve Bank) Directions, 2021 and notified Housing Finance Companies registered under Section 29A(5) of National Housing Bank Act, 1987 and having assets worth Rs. 100 crore and above, as 'Financial Institution'.

MCA Updates



MCA exempts Foreign Companies from the provisions of Sections 387 to 392 of the Companies Act, 2013

Foreign Companies or companies incorporated outside India are exempted from complying with the provisions of Sections 387 to 392 of the Companies Act 2013, relating to dating of prospectus, experts' consent and allotments, the registration of prospectus so far as it relates to the offering for subscription in the securities, requirements related to the prospectus and all matters incidental thereto in the

International Financial Services Centres set up under Section 18 of the Special Economic Zones Act, 2005.

The Exemption eases the path for Foreign Companies raising money in GIFT (Gujrat International Finance Tec-City).

MCA tabled IBC (Amendment) Bill, 2021 that includes pre-packaged insolvency process for stressed MSMEs

There has been a demand for offering a simplified version of IBC that saves time and cost of bankruptcy proceedings for small businesses in distress. Accordingly, an Ordinance was promulgated in April this year that offered a 'pre-packaged' or pre-pack resolution scheme. It is an informal way of stitching together a corporate rescue plan for which seal of approval from a Tribunal will be sought subsequently. The IBC (Amendment) Bill, 2021 ("the Bill") seeks to replace this Ordinance. →

Updated FAQs on CSR released by MCA

In view of amendments in Section 135 of the Companies Act, 2013 and the CSR Rules, MCA released an updated set of Frequently Asked Questions (FAQs) on the Corporate Social Responsibility (CSR), vide General Circular 14/2021 dated 25 August 2021, which supersedes all previous General Circulars/ Clarifications/ Letters of the Ministry on the subject. →

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