N. A. SHAH ADVISORS LLP

BULLETIN

CAPITAL MARKETS BULLETIN – NOVEMBER 2023

EXECUTIVE SUMMARY

- SEBI had amended the conditions of the methods used for achieving minimum public shareholding.
- Relaxation period has been extended for sending abridged annual report to the shareholders and non-convertible security holders.
- Revised framework for Issuance of Debt Securities by Large Corporates have issued by SEBI.

Amendments in InvITs

- To achieve the requirement of minimum public unitholding by the InvITs, the following changes have been made:

Method	Erstwhile conditions	Revised conditions
Issuance of units through preferential allotment	No condition	Only units issued to the public shall be considered for minimum unitholding requirement.
Sale of Sponsor / IM units in the open market	Upto 2% of total paid-up unit capital, subject to 5 times average monthly trading volume of units	Upto 2% of total paid-up unit capital, subject to 5 times average monthly trading volume of units However, the condition of average monthly trading volume shall not be applicable in case of privately placed InvITs

Extension in the Relaxation Period

- SEBI has extended the relaxation period for the following compliances from 30th September 2023 to 30th September 2024 if the general meetings are held in electronic mode:

    - Requirement of not sending hard copy of the abridged annual report (a statement containing salient features of all documents – Financial statements, Board's report, Auditor's report, etc.) and proxy forms to the shareholders subject to following conditions:
        - Unless the shareholders request for the same in writing.
        - Notice of AGM published in advertisement shall disclose the web-link to have access to the full annual report.
    - Requirement of not sending hard copy of the abridged annual report (a statement containing salient features of all documents – Financial statements, Board's report, Auditor's report, etc.) to the holders of listed non-convertible security holders.

REVISION IN FRAMEWORK FOR ISSUANCE OF DEBT SECURITIES BY LARGE CORPORATES (LCs)

SEBI had earlier mandated LCs to raise minimum 25% of their incremental borrowings through issuance of debt securities in a financial year. However, in this regard following changes have been made:

- **Applicability:**

  - Applicable to all listed entities (except scheduled commercial banks) complying with all the following conditions at the end of the FY 24-25:

Sr. No.	Conditions
1.	Any securities are listed on a recognised stock exchange
2.	Outstanding long-term borrowings of INR 1,000 crore or more
3.	Credit rating of AA/AA+/AAA on unsupported bank borrowing or plain vanilla bonds

- **Framework:**

  - LCs shall raise atleast 25% of the qualified borrowings by issuance of debt securities in the FY subsequent to the FY in which it is identified as a LC.
  - Following shall be applicable to LCs:
    - From FY 2025, requirement of mandatory qualified borrowing by a LC in a FY shall be met over a contiguous block of 3 years.
    - At the end of 3 years i.e. last day of FY:
      a. In case of a surplus in the requisite borrowings following incentives shall be available to the LC:
         i. Reduction in the annual listing fees
         ii. Reduction in contribution to Core Settlement Guarantee Fund (CSGF).
      b. In case of a shortfall in the requisite borrowings, dis-incentive in the form of additional contribution to the CSGF shall apply.

- **Responsibilities of Stock Exchanges:**

  - The stock exchanges shall release a uniform list of LCs based on the financials submitted by the listed entities.

- The stock exchanges shall calculate incentives or dis-incentives and shall intimate the same to the listed entities.

For more detailed information please find the link for reference: Link

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