



Capital Markets Bulletin June 2024

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1. Amendment in LODR Regulations

- **Applicability of provisions related to market capitalisation**

Earlier if any of the provisions were applicable to a listed entity based on the market capitalisation (Market Cap) criteria, the same shall be continued to apply even if they fall below the thresholds.

However, the said criteria have been amended as under:

- Each recognized stock exchange shall prepare a year-end list as on 31st December of the entities who have listed their specified securities, ranking each entity based on average Market Cap from 01st July to 31st December of that year.
- Applicable provisions shall begin 3 months after 31st December or the beginning of the immediate next FY, whichever is later.
- Entities complying for the first time or after a period of cessation must establish systems within the above period disclosing Business Responsibility and Sustainability Reports in their Annual Report.
- Regulations based on market capitalization will continue to apply to a listed entity until it falls below the threshold for 3 consecutive years.

- **Timeline for advance notice of board meeting to Stock Exchange**

Events	Erstwhile Timeline	Revised Timeline
Financial results	5 days	
Buyback, voluntary delisting, issue of securities (except securities regulated by RBI), declaration or recommendation of dividend, Bonus issue	2 working days*	2 working days*
Any alteration in the nature/form of securities or in the date of redemption of shares or debentures or any interest thereof.	11 working days	

* excluding the date of the intimation and date of the meeting.

Note: No intimation in case of determination of issue price in a Qualified Institution Placement (QIP) if complied with Issue of Capital and Disclosure Requirements Regulations (ICDR Regulations).

- **Market rumours**

If an entity confirms such event or information rumoured within 24 hours which is subject to any pricing norms*, the impact on the share price due to such material price movement and confirmation may be excluded from the price calculation for that transaction as per the framework specified by SEBI - [Link](#)

Promoter, director, Key Managerial Personnels (KMPs) or senior management shall furnish adequate, accurate and timely response to any queries or explanation sought by listed entity. On receipt of the response, listed entity shall disseminate the same to stock exchanges promptly.

* Pricing norms provided under ICDR Regulations or Substantial Acquisition of Shares and Takeovers Regulations or Buy-back of Securities Regulations or any pricing norms specified by SEBI.

- **Other amendments**

The provisions of Listing Obligations and Disclosure Requirements Regulations (**LODR Regulations**) shall be applicable to a high value debt listed entity on a “comply or explain basis” until 31st March 2025 instead of 31st March 2024 and on mandatory basis thereafter.

The time gap between two consecutive meetings of risk management Committee shall not be more than 210 days instead of 180 days.

Vacancy in the office of KMPs requiring approval of statutory authorities or government shall be filled within 6 months of such vacancy.

2. Amendment In ICDR Regulations

In addition to AIFs or Foreign Venture Capital Investors or Scheduled Commercial Banks or Public Financial Institutions or Insurance Companies registered with Insurance Regulatory and Development Authority of India, now even any non-individual public shareholder holding at least 5% of the post-issue capital or any entity (individual or non-individual) forming part of promoter group other than the promoters are allowed to contribute to meet the short fall in promoters' minimum contribution subject to maximum 10% post issue without being identified as a promoter.

Following provisions of the regulations have also been amended to this effect:

- Securities ineligible for minimum promoters' contribution
- Lock-in of specified securities held by promoters
- In case of “Securities ineligible for minimum promoters' contribution”, equity shares issued in lieu of convertible securities held by any of the person mentioned aforesaid for at least a year and conversion has taken place before filing of offer document, such securities shall be considered for minimum contribution.
- Regulations relating to the security deposit to be made by the issuer with the stock exchange before the opening of the subscription list has been omitted.
- The minimum days for which the bidding can be extended, in case of force majeure, banking strike or similar circumstances, has been revised from “three working days” to “one working day”.

3. AV Presentation of Disclosures Made in Public Issue Offer Documents

SEBI has introduced new guidelines aimed at easy understanding of the offer document of the public issues. As of 01st July 2024 and mandatorily from 01st October 2024, issuers filing Draft Red Herring Prospectus (**DRHP**), Red Herring Prospectus (**RHP**) and Price Band Advertisement for main board public issues shall produce its salient disclosures in Audio Visual (**AV**) presentations.

The total duration of the AV shall be equally distributed to cover key disclosures from DRHPs and RHPs about the company, risks factors, financials and other critical aspects. The AVs available in bilingual format initially (English and Hindi) with duration of approx. 10 minutes, aim to discourage reliance on unauthorized sources and promote informed investment decisions based solely on official documents.

Other key points:

AV shall be uploaded on the website of Issuer and Association of Investment Bankers of India (AIBI) within 5 working days of filing DRHP or RHP with SEBI along with any update thereof.

AV shall be accessible on all digital/social media platforms of the issuer and AIBI, QR code in offer documents and websites of stock exchange and lead managers websites.

4. New AIFs Regulations

As an eligibility criterion for Alternate Investment Funds (**AIF**) registration or launching new scheme of AIF effective 10th May 2024, SEBI has mandated appointment of 1 key personnel in the investment team of the Manager with certification from the National Institute of Securities Market by passing the NISM Series-XIX-C.

Existing schemes of AIF or schemes where application is pending with SEBI as on 10th May 2024 shall comply with the said requirements on or before 09th May 2025.

Manager shall include this compliance in its Compliance Test Report.

5. Amendments to InvIT Regulations

A unitholder holding at least 10% of the total outstanding units (individually or collectively) are eligible to nominate one director on the board of Investment Manager (**IM**), restricting such director from voting on interested matters.

New chapter for issue of subordinate units (Units) has been introduced, following key points have been mentioned in relation to that:

Sr. No.	Key points
1.	<p><u>Issuance of Units:</u></p> <ul style="list-style-type: none"> • Shall be issued only by privately placed Infrastructure Investment Trusts (InvITs) upon acquisition of infrastructure project (Project). • Issuance only to sponsor and its group in lieu of consideration for acquisition of Project from sponsor. • No voting or distribution rights shall be available. • Issuance in dematerialised form with ISIN distinct from the ordinary units. • Post reclassification into Ordinary units, Units to be listed on recognised stock exchange. • Amount of issuance of Units shall not exceed 10% of the acquisition price of the Project. • Outstanding Units shall not exceed 10% of the total outstanding ordinary units.
2.	<p><u>Transfer:</u></p> <ul style="list-style-type: none"> • Units shall be locked in till its reclassification into ordinary units. • Non-transferable and no encumbrance shall be made except to / in favour of Sponsor and its group and disclosure of such shall be made to stock exchange within 1 working day • Outgoing sponsor to transfer the Units to another sponsor and its group.
3.	<p><u>Entitlement and Performance Benchmark:</u></p> <ul style="list-style-type: none"> • Minimum period between issuance of Units and its reclassification date shall be 3 years, extension of 1 year at a time for maximum 2 times only in case of specified circumstances.

Sr. No.	Key points
	<ul style="list-style-type: none"> IM to disclose the performance achievement in annual report, diluted NAV and distribution per unit to the stock exchange.
4.	<p><u>Reclassification of units:</u></p> <ul style="list-style-type: none"> If the performance benchmark is achieved at the end of entitlement date, Units to be reclassified into ordinary units on a pari-paru basis. In contrary, if the performance benchmark is not achieved, units shall be extinguished without any payment to Unitholders.
5.	<p><u>Calculation:</u></p> <ul style="list-style-type: none"> While computing the NAV and minimum unitholding of the InvIT, UNist shall not be considered.

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