



# Capital Markets Bulletin November 2024

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## 1. Relaxation from certain compliance of SEBI LODR

SEBI has extended the relaxation period for the following compliances from 30<sup>th</sup> September 2024 to 30<sup>th</sup> September 2025 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.

## 2. Timelines for disclosures by Social Enterprises (SE) on Social Stock Exchange (SSE)

SEBI has extended the timeline for annual disclosures and annual impact report by SE on SSE upto 31<sup>st</sup> January 2025 for the FY 23-24.

## 3. Due diligence of investors and investments of AIFs

SEBI had mandated all Alternate Investment Funds ("AIFs"), managers of AIFs and their key managerial personnels to exercise specific due diligence with respect to their investors and investments to prevent facilitation of circumvention of laws as per the following:

- **Prevention from availing benefits of Qualified Institutional Buyers (QIBs) and Qualified Buyers (QBs), and ever-greening of loans through AIFs**
  - AIFs who have been designated as QIBs or QBs enjoy certain benefits.
  - In order to prevent AIFs from facilitating investors who are otherwise ineligible for QIBs and QBs status on their own, the AIFs shall conduct due diligence for every scheme having an investor or investor group contributing 50% or more to the corpus prior to availing benefits.
  - In order to address the issue of ever-greening of stressed loans through AIFs, the AIFs shall conduct due diligence for every scheme where:

Sr. No.	Particulars
1.	The manager or sponsor is regulated by RBI
2.	<u>The RBI regulated investor who:</u> <ul style="list-style-type: none"> <li>- Contributes 25% or more to the corpus</li> <li>- Is an associate to the manager / sponsor</li> <li>- Has majority or veto power in decisions of the investment committee</li> </ul>

- If the proposed investment does not satisfy the due diligence checks then such investors shall either be excluded from the investment with necessary disclosure in the PPM for exclusion or the investment shall not be made.

- **Ascertaining the investment from land bordering countries**
  - In order to ascertain the investors from land bordering countries which invests in Indian companies through AIFs, the AIFs shall conduct due diligence for every scheme having an investor who or whose beneficial owners are citizens / situated in land bordering countries and contributes 50% or more to the corpus prior to making investment.
  - The AIFs shall report the details of its fresh investment of 10% or more in equity of an Indian company to its custodian within 30 days of investment who shall onward submit the same on monthly basis to SEBI within 10 working days from the end of month.
- The details of all the existing investments, shall be reported by AIFs to the custodian by 07<sup>th</sup> April 2025 who shall onward submit the same to SEBI by 07<sup>th</sup> May 2025.

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