



KS LEGAL
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THE BULLETIN: REGULATORY ANNOUNCEMENTS

A ready reckoner guide to India's recent important developments across various industries



RBI ANNOUNCEMENTS

- 9 State Governments have offered to sell securities by an auction for an aggregate amount of Rs. 18, 100 Cr.
- RBI imposed a monetary penalty on Nagar Urban Co-operative Bank Ltd. and Bharat Co-operative Bank for non compliance of directions on Income Recognition and Asset Classification (IRAC) norms
- The Reserve Bank of India has imposed, a monetary penalty of ₹4 crore on Citibank for contravention of sections of Banking Regulation Act, 1949.
- RBI has imposed, a monetary penalty of ₹5 crore on Bank of India for non- compliance with certain provisions of the directions issued by RBI
- RBI imposed, a monetary penalty of ₹1.2 crore on Karnataka Bank Ltd. for non- compliance with certain provisions of directions issued on Prudential Norms
- RBI announced extension of moratorium on loan EMI by another three months i.e by August 31, 2020



OVERALL IMPLICATION

The economic impacts of the pandemic may last longer than its health effects with the impacts being seen on global economies. It is estimated to lead to a 1.5% slowdown in global growth with a "substantial" impact on the global economy. The economic impact on India will be more profound because more informal job, State capacity for disaster response is low, and health care is far from universal.



SEBI ANNOUNCEMENTS

- Relaxations from strict enforcement of certain regulations of SEBI Regulations, 2018 pertaining to Rights Issue opening upto July 31, 2020
- In respect of all offer documents filed until July 31, 2020, it has been decided to grant relaxations to use digital signatures and inspect documents electronically.
- The requirements of LODR are dispensed for listed entities who conduct their till December 31, 2020
- Listed entities for whom the deadline to comply with MPS requirements falls between the period from March 1, 2020 to August 31, 2020 are relaxed.
- Recognized Stock Exchanges advised not to take any penal action against listed entities in case of non-compliance
- The statutory compliance requirement has been extended till 30 th June 2020.
- The National Highways Authority of India (NHAI) has been penalised with amount of Rs 7 lakh for delay in disclosing half yearly financial results



OVERALL IMPLICATION

In the recent years the role of SEBI has been more complex with the capital markets regulator at crossroads. There is excessive focus on regulation of market conduct with serious constraints on economic activity. The legislative powers for SEBI are near absolute with no substantial requirement of consultation granting greater enforcement powers to the statutory body.



BANKING AND FINANCE

- Rupee Co-op Bank license extended by 3 months
- Ministry of Finance announced no decision taken on the proposal of setting up of a government-sponsored bad bank for non-performing assets (NPAs)
- SC issues notice to centre and RBI to respond on the issue of levy of interests during the moratorium period
- Finance Minister Nirmala announced that banks have been asked to extend loans automatically to eligible borrowers without fear of 3Cs – CBI, CVC and CAG.
- Cabinet clears revision in MSME definition, Rs 50,000 crore equity scheme approved
- RBI remains silent on one-time loan recast and 180-day NPA recognition
- SBI extends loan moratorium to customers by 3 months
- Centre planning to enhance the turnover limit for a medium enterprise to Rs 200 crore in a bid to allow more units to avail the benefits



OVERALL IMPLICATION

Decreased productivity and lockdowns have already started to take a toll on the financials of the corporate sector. Investor sentiments are at an all time low and it is also becoming evident how difficult it is going to be for banks all over the world to maintain good assets and good earnings. Due to the shutdowns and income slowdown, many repayments of loans may cease leaving the banks dry. Earlier their assets now would become a big risk.



PHARMACEUTICAL

- Central government delinks Aarogya Setu App from websites facilitating e-pharmacy operation
- DGFT allows export of alcohol based hand sanitisers
- Union health ministry forms regional clusters in hub-spoke-model to ramp up testing of COVID-19
- NCLT approves demerger of Max India into Advaita Allied Health
- The Department of Pharmaceuticals (DoP) has proposed that the oversight of the Central Drugs Standard Control Organisation (CDSCO) be transferred to it
- Drug maker Sun Pharmaceutical Industries Ltd declared that it has received Indian regulatory approval to start clinical trials of a pancreatitis drug in COVID-19 patients.
- Pharmacy Council of India has decided to fix minimum wages for pharmacists in the country
- The National Pharmaceutical Pricing Authority (NPPA) has issued a list of price reduction in N-95 masks.



OVERALL IMPLICATION

As economies around the world are suffering from the impact of Covid-19 facing a complete upheaval of lifestyle, the Pharmaceutical companies have taken the centre stage in the fighting of the pandemic. Pharma companies are seeing positive growth on the stock market and a new burst of innovation in the infectious disease landscape. The race for treatment and the approval of Covid-19 therapy is taking off well in the present time.



REAL ESTATE

- Govt. extends deadline for realty projects by 6 months
- Bombay High Court declares promoters of Orbit Corp insolvent
- Digital land records will no longer be considered authentic by Maharashtra government
- MahaRERA invokes force majeure to provide relief till September 15
- CREDAI has written to PM seeking immediate relief measures for realtors
- Govt. extends PMAY housing loan subsidy for middle income group until March 2021
- Govt. to issue advisory to RERA for measures to be undertaken for all industry stakeholders.
- Supreme Court issued notices to the Centre and the RBI on a plea of CREDAI on whether real estate firms are eligible for loan moratorium policy of the central bank.



OVERALL IMPLICATION

Indian real estate sector, which was already struggling to re-emerge from the past the turbulence of structural changes, policy reforms, and the liquidity crisis, is now set to witness another major fallout. The country-wide lockdown has halted all activities. Project sites are shut, site visits have stopped, and construction activities have come to a grinding halt, eventually impacting housing sales as people tend to cater to their needs first than to expend on luxuries

INSURANCE

- IRDAI extends life insurance premium time till May 31
- Force Majeure clause will not apply to coronavirus death claims
- IRDAI moots hike in 3rd party motor cover premiums
- Motor insurers bleed with a 49% year-over sales dip
- India Posts extends insurance premium deadline till June 30
- IRDAI announces indemnity based health care insurances to cover treatment and hospitalization of COVID-19 pandemic
- IRDAI sets up panel to draft standard professional indemnity policy for insurance intermediaries
- IRDAI asks insurers to allow travel insurance policies' extension sans charges



OVERALL IMPLICATION



The COVID-19 pandemic has severely impacted many industries, although the impact on the Insurance sector is less severe, it will still be significant and highly disruptive. Ranging from employee and business continuity issues, client service considerations to operating profit are the issues arising. The immediate concern for insurers is the protection of employees. The Insurance carriers have lost roughly 48% of their market value since the crisis commenced; with life & health insurance carriers particularly hit hard with average drops of 58%.



CORPORATE ANNOUNCEMENTS

- SC issues notice to Tata Sons on cross-appeal of Mistry group firm against NCLAT order
- Anant Ambani joined Jio Platforms as an Additional Director
- Srinivasan V., steps down as COO of Cognizant
- Fintech lender Lendingkart has fired over 200 employees or 30% of its workforce
- Tata Sons, PepsiCo, Flipkart, Walmart, Vivo India, Larsen & Toubro and TikTok, among others, who came forward to donate ventilators, personal protection equipment, masks, medical gowns and testing kits for Covid-19.
- Jahnabi Phookan has been appointed as National President of FICCI Ladies Organization
- Wipro founder-chairman Azim Premji owns a minority stake in US biotech company Moderna, which is developing a vaccine that could potentially help tackle the Covid-19 virus outbreak
- The Chairman of Tata Sons and CEOs of all operating companies will take an estimated 20% cut in salary as a cost-cutting measure.
- Food ordering platform Zomato has elevated Mohit Gupta, the CEO of its food delivery business by making him a Co-Founder.
- The government is speculated to allow companies to claim input tax credit for personal protective equipment (PPE) kits, sanitisers, masks and other such goods distributed free for battling COVID-19



OVERALL IMPLICATION

The impact of the COVID-19 is being felt by all businesses around the world. Leaders are navigating a broad range of interrelated issues that span from keeping their employees and customer safe, shoring-up cash and liquidity, reorienting operations and navigating complicated government support programs. As business leaders begin to address the needs of their operations, they face a complex matrix of government programs, different in approach, scope and scale in each jurisdiction.



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ABOUT

Established in 2013, KS legal and Associates is a dynamic full service law firm that was established in Mumbai. Overtime, the firm organically expanded in other metropolitan cities like Pune, Delhi, Bangalore and Chennai.

With cumulative partner's experience of over 20 years, the firm has represented 100+ clients from banks and financial institutions, large corporates and high impact startups.

The firm has an enviable corporate advisory and litigation practice which continues to be a powerhouse of high value, complex corporate and M&A matters. The firm offers comprehensive service portfolio to lenders, borrowers and other intermediaries on issues such as debt recovery, financing and leasing of assets, debt restructuring, insolvency and bankruptcy matters, amongst others.

Our Areas of Practice include Mergers & Acquisitions, General Corporate, Insurance, Banking & Finance, Debt Recovery, Real Estate & Infrastructure, Litigation & Arbitration, Dispute Resolution, Labour & Employment, Intellectual Property Rights, Media & Entertainment, and Retail & Financing.

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S-7, 2nd Floor, Pinnacle Business Park, Andheri (East), Mumbai – 400 093.

info@kslegal.co.in | +91-8169409649

Mumbai | Pune | Delhi | Bangalore | Chennai