

FIDC

Finance Industry Development Council

(A Representative Body of Assets and Loan Financing NBFCs)

101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

Tel: 022 21029898/9820035553 • E-mail: directorgeneral@fidcindia.org Website: www.fidcindia.org

Shri Injeti Srinivas

Secretary

Ministry of Corporate Affairs

5th Floor, Shastri Bhawan

New Delhi - 110001

Email: secy.mca@nic.in

Ph. No. 011 23382324

April 21, 2020

Madam/Sir,

SUB: Special Measures under Companies Act, 2013 (CA-2013) in view of COVID-19

Finance Industry Development Council (FIDC) is a Representative Body of Asset and Loan Financing of the NBFCs registered with the Reserve Bank of India. FIDC was formed 16 years ago and is the recognized face of the NBFC sector. We have been engaged in regular interaction both with Reserve Bank of India and Govt. of India, which include pre-budget meetings and also important policy related meetings with RBI. Almost all the leading NBFCs and a large number of small and medium sized NBFCs are our members.

We thank The Govt. of India, Ministry of Finance, Ministry of Corporate Affairs and the Reserve Bank of India for the proactive measures to help mitigate the negative economic fallouts of the Corona Virus pandemic. The slew of relaxation provided in the wake of global pandemic are indeed unprecedented, far reaching and bold measures to help the Indian economy survive and rebuild itself.

We welcome the measures/relief provided by the Ministry of Corporate Affairs vide their circular dated March 24, 2020 (General Circular No. 11 /2020) to reduce the compliance burden and other risks.



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In terms of Clause VI of the above referred circular dated March 24, 2020, Corporates have been granted time till June 30, 2020 to comply with the requirement to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits [*Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014*]

Debentures are one of the key sources of the funds raised by the NBFCs. The above measure has provided liquidity in the hands of NBFCs to manage their cash-flows including redemption obligations which in normal course would have been held as investment in form of Fixed Deposit, etc.

Given the current scenario, it is expected that uncertainty around the normalisation of business activities may get extended to the next quarter and cash-flow management would continue to remain a challenge. In view of the foregoing, we request you to consider extending the timeline to comply with the said requirement to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits to September 30, 2020 from current requirement of June 30, 2020.

The above measure would help corporates (including NBFCs) to continue to have much needed additional liquidity to deal with their cash-flow challenges including meeting their payment obligations /debenture redemption obligations.

We sincerely appeal to consider the aforesaid request to protect the interests of NBFCs in this unprecedented situation.

We thank you in anticipation of a positive response and assure you of our full co-operation all the times.

Thanking you,



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Yours faithfully,

For FINANCE INDUSTRY DEVELOPMENT COUNCIL

**MAHESH THAKKAR
DIRECTOR GENERAL
98200 35553**

Cc to:

- 1. Shri Lekhan Thakkar
Director (PM)
Department of Economic Affairs
Ministry of Finance
New Delhi 110 001**
- 2. CA Atul Kumar Gupta,
President,
The Institute Of Chartered Accountants Of India,
ICAI Bhawan, Indraprastha Estate,
New Delhi 110002.**
- 3. Shri Manoranjan Mishra,
Chief General Manager,
Reserve Bank of India
Department of Regulation (NBFCs),
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