



Brahmayya Bulletin

May 2018

Editorial

The month of May is a very crucial year, in terms of compliance for various listed entities. Within May, the listed entities are required to submit their financial results containing the complete financials under Ind AS after the first year of transition. The impact of various compliances under each standard could be measured through the movement in the respective Statement of P&L and other OCI.

The Ministry of Corporate Affairs has also considered 7th May 2018 as the appointed date from which various sections of the amended Companies Act comes into force. Crucial amendments involving, directors and auditors have been notified.

MCA has been proactive in bringing out various amendments through the Companies (Amendment) Act, 2017. Certain sections were notified in January 2018 whereas certain sections have come into force in the month of May.

SEBI has also been very quick in responding to the recommendations suggested by the Kotak Committee. Regulations covering aspects of Corporate Governance and Board Evaluation have come into force immediately.

However, the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) (Amendment) Regulation, 2018 has been notified, which are effective from April 1, 2019. As major changes are envisaged, certain mandatory compliances have been made effective from 1st October 2018 and a majority of amendments have been slated for compliance from 1st April 2019.

This early notification would provide time for the corporates to ensure appropriate compliance.

A surprise notification from CBDT removing the word "Chartered Accountant" from Rule 11UA(2)(b) of the Income Tax Rules has created a large uproar among the professional fraternity. Suitable representations are to be made to ensure restoration of the attest function concerning fair valuation.

Please do follow the "Our News" section of our website for elaborated updates on various regulatory provisions and amendments.

Happy Reading!!

Policy Directive order Instruction Update Clarification
Ministry of Corporate Affairs Circular
Rule Enactment Notification Guideline
Framework Update Policy Instruction
Central Board of Direct Taxes
Order Notification Regulation Instruction
Notice Circular Update Notification
Central Board of Excise and Customs
Directive Order Notification Enactment
Pronouncement Announcement Framework Rule
Foreign Exchange Management Act
Instruction Order Clarification Directive Interpretation
Institute of Chartered Accountants of India
Circular Order Clarification Directive Framework
Reserve Bank of India Notification
Announcement Framework Clarification
Notification Order Rule
Instruction Order
Framework Order
Update Circular

Ministry of Corporate Affairs (MCA)

GSR 431(E) F.No.1/22/2013-CL-V-Part III Dated – 7th May 2018

Companies (Appointment and Qualification of Directors) Second Amendment Rules, 2018 has been notified. Section 149(6) specifies the meaning of an independent Director of the Company has been amended along with suitable amendment in the aforesaid rules. Sub-clauses (ii) and (iii) of clause (d), dealing with indebtedness and guarantees provided by relatives specifies a limit if INR 50 Lakhs for the purpose of both these sub-clauses.

GSR 432 (E) F.No.1/33/2013-CL-V (Part) – Dated – 7th May 2018

Pursuant to the notification of Companies (Amendment) Act, 2017, wherein the auditor should be appointed for 5 years and no ratification is necessary every year, the explanation in the Companies (Audit and Auditors) Rules, 2014 has been omitted.

With regards to the comment on adequate internal control on financial controls system of the Company, auditors are now required to comment on the internal financial controls with reference to financial statements only.

SO 1833 (E), F.No. 1/1/2018-CL-I – Dated 7th May 2018

7th May 2018 has been appointed as the date, where certain sections of Companies (Amendment) Act, 2017 has been made effective.

GSR 430 (E) File No.1/21/2013-CL-V – Dated – 7th May 2018

Companies (Prospectus and Allotment of Securities) Amendment Rules, 2018 has been notified, wherein certain requirements as set out in Rule 3 related to information to be stated in the prospectus, Rule 4, related to reports to be set out in the prospectus, Rule 5 related to other matters and reports and Rule 6 related to period of information have been withdrawn.

GSR 434 (E) F.No.01/04/2013-CL-V-Part III – Dated- 7th May 2018

Companies (Share Capital and Debentures) Second Amendment Rules, 2018 has been notified, wherein the requirement of permanent employment “for at least one year” for issue of Sweat Equity Shares by Company other than listed company has been removed. Thereby companies other Listed Companies can now issue sweat equity for any permanent employee without restriction for minimum working period.

GSR 429 (E) F.No.1/32/2013-CL-V-Part – Dated 7th May 2018

Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 specified certain matters which cannot be dealt with, in any meeting held through video conferencing or other audio-visual means. This Rule has been amended with effect from 7th May 2018, wherein any director may participate through video conferencing or other audio-visual means if the quorum in a meeting is present through physical presence of directors.

General Circular No. 05/2018 – Dated 17th May 2018

Clarification has been issued by the Ministry that in case, where the NCLT has given order for reactivation of DIN, the ROC can raise ticket for Change Requirement Form (CRF) along with NCLT order and it is responsibility of ROC to ensure that such director is not a director in any other companies, whose name has been struck off. It is also further directed that such CRF's should be raised for cases, where the overdue document has been filed before CODS, 2018 and has filed petition before the NCLT during the validity of CODS Scheme.

General Circular No.06/2018 – Dated 28th May 2018

Clarification has been issued wherein the ministry re-iterates that for Corporate Social Responsibility activities, Company shall give preference to local area and areas around where it operates.

Central Board of Direct Taxes (CBDT)

Notification No23/2018/F.No370142/5/2018-TPL – Dated- 24th May 2018

This notification has withdrawn the power assigned to Chartered Accountants for determining fair market value of unquoted shares for the purpose of Section 56(2)(viib).

Amendment has been effected in Rule 11UA(2)(b), wherein, by virtue of this notification, only merchant bankers are allowed for carrying out valuation for the purpose of Section 56(2)(viib).

Central Board of Indirect Taxes and Customs (CBITC) – Customs

Notification No. 36/2018- Customs (N.T.) – Dated 11th May 2018

The CBITC in supersession of the Bill of Entry (Electronic Integrated Declaration) Regulations, 2011, has made the Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulations, 2018. These rules shall apply to the import of goods through all customs stations where the Indian Customs Electronic Data Interchange System is in operation and shall come into force on the date of their publication in the Official Gazette.

Accordingly, where electronic integrated facilities are available, all filings are to be made online towards a paperless processing regime.

Notification No. 38/2018-Customs (N.T.)- Dated 11th May 2018

In supersession of the Import Manifest (Vessels) Regulations, 1971, Export Manifest (Vessels) Regulations, 1976 and Transport of Goods (Through Foreign Territory) Regulations, 1965, CBITC has notified the Sea Cargo Manifest and Transshipment Regulations, 2018. These rules shall come into force from 1st August 2018.

Notification No.41/2018 – Customs (N.T.)- Dated 14th May 2018

In supersession of the Customs Brokers Licensing Regulations, 2013, CBITC has notified Customs Brokers Licensing Regulations, 2018. These regulations shall apply to Customs Broker who has a license and such other persons who are employed or engaged by a licensed Customs Brokers. These regulations shall come in on the date of their publication in the Official Gazette

Securities and Exchange Board of India (SEBI)

SEBI/HO/MIRSD/DOP2/CIR/P/2018/76 - Dated 2nd May 2018

In compilation of all circulars / direction, a “Master Circular for Credit rating Agencies has been issued. However in case of any inconsistency between Master Circular and applicable circulars, the contents of the relevant circular shall prevail.

SEBI/LAD-NRO/GN/2018/10 – Dated 9th May 2018

Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) (Amendment) Regulation, 2018 has been notified, which are effective from April 1, 2019 except certain regulations which are specifically provided with effective date.

SEBI/HO/CFD/CMD/CIR/P/2018/79 – Dated 10th May 2018

Recommendations made by the Committee on Corporate Governance has been implemented. Following provisions shall apply to the entities whose equity shares are listed on recognized stock exchanges:-

- Observations of board evaluation carried out for the year, previous year’s observations and action taken and proposed actions base on current year observations should form part of disclosures on Board Evaluation by listed entity.
- Listed entity may monitor governance of unlisted subsidiaries through a dedicated group governance unit of Governance Committee comprising the members of its board of directors.
- Strong and effective group governance policy may be established.
- It is optional for listed entity to disclose its medium term and long term strategy under Management Discussion and Analysis Section of Annual Report.
- Requirement of quantification of audit qualification by management, where impact is not quantified by auditor, and reasons for non quantification/estimate, if any has been removed.

SEBI/HO/MIRSG/DOP1/CIR/P/2018/80 - Dated 11th May 2018

In compilation of all circulars / direction, a “Master Circular for Underwriters registered with SEBI” has been issued. However in case of any inconsistency between Master Circular and applicable circulars, the contents of the relevant circular shall prevail.

SEBI/HO/IMD/FPIC/CIR/P/2018/81- Dated 17th May 2018

Dates for providing the data to depositories by listed entities for monitoring the Foreign Investments Limits has been extended till 25th May 2018 and new system will come in force from 1st June 2018.

SEB/LAD-NRO-GN/2018/14 – Dated 29th May 2018

Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2018 has been notified and shall come in force on the date of their publications in official gazette.

Notification No. SEBI/LAD-NRO/GN/2018-15 – Dated 30th May 2018

Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2018 has been notified and shall come in force on the date of their publications in official gazette.

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