



# **Brahmayya Bulletin**

June 2018

## Editorial

Greetings dear Readers!!

We thank you all for your continued support given. Your motivation has helped us provide continuous updates on all important regulatory matters for a little over 4 years now.

We have been receiving various queries, responses and comments to our News Bulletin which are a source of motivation. We will strive to continue this endeavor and also strengthen the "Our News" section with elaborated content on recent regulatory amendments.

That said – the requirement to stay abreast to regulatory changes becomes very important.

The Ministry of Corporate Affairs continues to notify various provisions as part of the Companies (Amendment), Act, 2017. Associated Rules have also been modified to align to the changes prescribed in the Amended Act.

Since January, various such sections have assumed their respective appointed dates over several months. This months notification among others involves relaxation of certain norms for unlisted entities.

The new Insolvency Law had gained substantial momentum from the time it had been enacted. Over the last one year of its implementation, based on various stakeholder comments and impact to sections of the society, the Code has undergone two major changeovers.

The second major overhaul, being the amendment Ordinance of 2018 had received the presidential assent on 6<sup>th</sup> June 2018.

It would not be surprising to note further more changes as time evolves. On the brighter side, a new professional avenue has evolved.

CBDT has notified the Cost of Inflation Index for the FY 2018-19.

SEBI continues its proactive intent in bringing a whole lot of changes in various regulations with the objective of strengthening investor protection coupled with confidence with various transparent norms.

With market sentiments continuing to be positive, we expect a positive year going forward!

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 Circular  
Update

## Ministry of Corporate Affairs (MCA)

### **G.S.R. 558 (E) F.No.01/22/2013 CL-V (Pt-III)- Dated 12<sup>th</sup> June 2018**

Companies (Appointment and Qualification of Directors) Third Amendment Rules, 2018 has been notified whereby Form DIR-3 and Form DIR-6 has been substituted with new forms.

### **S.O. 2422 (E) File No.1/1/2018-CL.I- Dated 13<sup>th</sup> June 2018**

Central Government has appointed 13<sup>th</sup> June 2018 as effective date on which Section 22, Section 24, Section 25, Section 26 and Section 71 of Companies (Amendment) Act, 2017 is effective.

Section 22 of Companies(Amendment) Act, 2017 has substituted Section 90 of Principal Act which deals with investigation of beneficial ownership of shares in certain cases by the Central Government.

Section 24 of Companies(Amendment) Act, 2017 has omitted Section 93 of Principal Act, which required every listed company to file a return with the Registrar with respect to change in number of shares held by promoters and top ten shareholders of such company.

Section 25 of Companies(Amendment) Act, 2017 has omitted requirement of filing copy of special resolution in advance in respect of members approval for keeping registers/returns at any other place in India then registered office under Section 94.

Section 26 of Companies(Amendment) Act, 2017 has relaxed the provisions of Annual General Meeting for Unlisted Companies. An unlisted company can hold its AGM anywhere in India provided that all the members have given their consent in writing or electronic mode in advance.

### **GSR 560 (E)F.No.01/34/2013 CL-V (Pt-I) – Dated 13<sup>th</sup> June 2018**

Companies (Management and Administration) Second Amendment Rules, 2018 has been notified wherein certain Rules have been omitted. These omissions are to align the said rules to the notification of relevant sections of Companies (Amendment), Act 2017.

### **GSR 561 (E) F.N.1/1/2018 CL-V – Dated 13<sup>th</sup> June 2018**

Companies (Significant Beneficial Owners) Rules, 2018 has been notified with effect from 13<sup>th</sup> June 2018. The said rules require that every significant beneficial owner shall file a declaration in Form No. BEN-1 to the Company in which they hold beneficial interest not less than 10% but their name is not appearing in the register of members within 90 days of commencement of this rules and 30 days after any change. Company shall also file return in Form No. BEN-2 within 30 days from the receipt of declaration from beneficial owners.

### **Insolvency and Bankruptcy Code 2016 (IBC)**

Insolvency and Bankruptcy (Amendment) Ordinance, 2018 has been promulgate by the President of India on 6<sup>th</sup> June 2018.

### **Circular No. IBBI/IP/013/2018 – Dated 12<sup>th</sup> June 2018**

Keeping in view that Corporate Debtor is undergoing a rough period and Insolvency Resolution Professional is managing the affairs of the Company on Going Concern basis, IBBI has directed the Insolvency Professional to ensure that the fees payable to IRP as well other professional and cost incurred are reasonable. All the expenses are incurred through Banking channel only. All the records of fees and other expenses incurred are to be maintained for at least 3 years. Cost sheet for Insolvency Resolution of Corporate debtor needs to be submitted within 7 days from leaving office either completion of term of IRP, resignation, removal, reappointment as RP.

## Central Board of Direct Taxes (CBDT)

### **Notification No. 26/2018 – Dated 13<sup>th</sup> June 2018**

Cost Inflation Index has been notified at 280 for Financial Year 2018-19.

### **Notification No. 29/2018 – Dated 22<sup>nd</sup> June 2018**

Central Government has issued notification for implementation of Place of Effective Management based taxation for foreign companies.

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

### **Notification No.48/2018- Custom (N.T) - Dated 4<sup>th</sup> June 2018**

Export by Post Regulations 2018, has been notified wherein any person who is holding the valid Import Export Code can export goods by E-Commerce through Foreign Post office by submitting Form-I in duplicate. This regulation is effective from 21<sup>st</sup> June, 2018.

### **Circular No.14/2018-Customs – Dated 4<sup>th</sup> June 2018**

Procedure for E-Commerce Exports through Post and clarification in personal imports has been notified and the Board has prescribed the declaration form under Export by Post Regulations, 2018.

## Securities and Exchange Board of India (SEBI)

### SEBI/HO/MIRSD/DOP1/CIR/P/2018/87 – Dated 1<sup>st</sup> June 2018

In compilation of all circulars/direction, a “Master Circular for Stock Brokers”, has been issued. However, in case of any inconsistency between Maser Circular and the applicable circulars, the content of the relevant circular shall prevail.

### SEBI/HO/DDHS/DDHS/CIR/P/2018/89 – Dated 5<sup>th</sup> June 2018

Guidelines for Preferential Issue of Units by Infrastructure Investment Trusts has been issued. Any listed Infrastructure Investment Trust can make preferential issue of units to an institutional investor upon satisfaction of following conditions:

- Resolution has been passed by unitholders of Infrastructure Investments Trusts.
- Trust is in compliance of continuous listing and disclosure obligations.
- Trust is in compliance of minimum public unitholding requirements.
- No preferential issue of units has been made in six months preceding the relevant date.

Other many guidelines in respect of Pricing, Placement of Documents, Restrictions and Transferability has also been specified.

### SEBI/HO/MIRSD/DOP2/CIR/P/2018/95 – Dated 6<sup>th</sup> June 2018

Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2018 has been issued, wherein Credit Rating Agencies can withdraw the rating subject to certain conditions and mention the reasons for such withdrawal through a press release.

### CIR/IMD/DF1/102/2018 – Dated 29<sup>th</sup> June 2018

SEBI (Alternative Investment Funds) Regulations, 2012 has been amended wherein it is specified that:

- Angel funds may now launch schemes subject to filing of a Term Sheet in the format as specified.

- Such Term Sheet shall contain material information regarding the scheme.
- Such Term sheet shall be filed with the Board within 10 days of launching the scheme.

### Press Release No. 20/2018- Dated 21<sup>st</sup> June 2018

SEBI Board in its recent meeting has taken following crucial decisions:

- SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 has been amended wherein it has been decided to grant additional time for upward revision of open offer.
- Approval for reframing a new set of regulation replacing the existing SEBI (Buy Back of Securities) Regulations, 1998.
- SEBI (Issue of Capital and Disclosure Requirements) Regulations, (ICDR Regulations), 2018 has been approved
- Board has approved certain proposals of Gandhi Committee on Regulations and relevant circulars pertaining to Stock Exchanges, Clearing Corporations and Depositories (‘Market Infrastructure Institutions’).
- Board has approved the proposal to issue consultation paper to amend various regulations in respect of entities who undertake third party fiduciary duty /assignment / engagement under the securities laws, in respect of any Issuer, Pool Investment vehicle, Intermediaries, Market Infrastructure Entities.
- Approval has been given for establishment of National Centre for Financial Education as a Company under Section 8 of Companies Act, 2013. The company is co-promoted by SEBI, Reserve Bank of India, Insurance Regulatory and Development Authority of India and Pension Fund Regulator and Development Authority.

## Reserve Bank of India (RBI)

### RBI/2017-18/186 DBR.No.BP.BC.108/21.04.048/2017-18 – Dated 6<sup>th</sup> June 2018

Banks and NBFC’s are temporarily allowed to classify their exposure as standard assets for all MSMEs including those not registered under GST as per 180 days past due criterion, based on following conditions:-

- Aggregate exposure including non fund based facilities to the borrower does not exceed Rs.250 million as on May 31, 2018.
- Borrower’s account was standard as on August 31, 2017.
- Payments due from the borrower as on September 01, 2017 and falling due thereafter upto December 31, 2018 were/are paid not later than 180 days from their original due date.
- Dues payable by GST - registered MSME’s from January 01, 2019 onwards, the 180 days past due criterion shall be aligned to the extant IRAC norms in phased manner. However for MSME’s not registered under GST as on December 31, 2018, the assets classification in respect of dues payable from January 01, 2019 onwards shall immediately revert to the extent IRAC norms.

Other terms and conditions of earlier circular is remain unchanged.

### RBI/2017-18/193 A.P. (DIR Series) Circular No.29 - Dated 7<sup>th</sup> June 2018

Details of hedges for External Commercial Borrowing is to be captured through Form ECB-2 which is applicable from the end of June 2018.

**RBI/2017-18/194 A.P. (DIR Series)  
Circular No. 30 – Dated 7<sup>th</sup> June 2018**

Single Master Form (SMF) has been introduced for Company / LLP / Start-ups which have foreign investment. RBI would provide an interface to Indian entities to input the data on total foreign investment in a specified form prior the implementation of SMF before July 12, 2018, failing to which Indian entities will not be able to receive foreign investment including indirect foreign investment.

**RBI/2017-18/198 FMRD.DIRD.9/14.  
01.020 /2017-18 – Dated 14th June  
2018**

Interest Rate Options (Reserve Bank) Directions, 2018 has been issued, which is effective from 15<sup>th</sup> June 2018. These directions shall be applicable to exchange traded interest rate options and over the counter interest rate options to certain extent as stated in directions. These directions replaces the directions issued under Notification No. FMRD.DIRD.11/2016 dated December 28, 2016.

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