



Brahmayya Bulletin

February 2018

Editorial

The enactment of Insolvency and Bankruptcy Code has created a larger impact in the financial statements of banks. As a matter of course correction, the economy is witnessing certain hardships as the confidence on the way banking system had been operating has declined considerably. Significant drop in the market capitalisation of BSE was witnessed during the month.

SBI reported a surprise loss in Quarter 3 and witnessed a sharp surge in Gross NPAs. This large slippage has resulted in a sharp drop in investor confidence, though the Government continues to maintain its stand of a “temporary situation for the betterment of the economy”.

The RBI has been swift in coming out with relevant legislative changes.

The circular dealing with stressed assets which has subsumed earlier circulars dealing with CDR, SDR, S4A reveals the intent of RBI.

RBI has tightened the economic noose and all banks will follow suit. The lending pattern will evidence a decline as all banks will be completely focussed on recovery of existing dues. The banking system should also ensure a default disclosure norm which will facilitate better monitoring of NPAs.

The budget was presented amidst challenging times and was not as exiting as it was expected to be. With subdued growth across various industries, not much could be delivered by the Hon’ble Finance Minister.

The after effects of GST and Demonetisation continues to haunt the Government, however, the Global economy is hopeful of the Indian scenario. This is evident from the level of GDP pegged at 6.30% in 2nd quarter of 2017-18 signalling turnaround of the economy and the IMF forecast that India will grow at 7.4% next year.

Look out for elaborated updates on “Our News” Section of our website.

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 Circular
Update

Ministry of Corporate Affairs (MCA)

Notification S.O.529 (E) – Dated 5th February 2018

Central Government has directed that provisions of Accounting Standard 22 or Indian Accounting Standard 12 relating deferred tax asset/liability will not apply for 7 years with effect from 1st April 2017, to a Government Company which is a:

- Public Financial Institution as defined in Section 2 (72) (iv) of the Companies Act, 2013.
- Non-Banking Financial Company as registered with RBI.
- Company engaged in business of infrastructure finance leasing, whose total revenue not less than 75% is generated from such business with Government Companies or entities owned and controlled by Government

Notification S.O.630 (E) – Dated 9th February 2018

Certain Sections of Companies (Amendment) Act, 2017 is made effective from 9th February 2018.

Notification G.S.R. 155 (E) - Dated 9th February 2018

Companies (Registered Valuers and Valuation) Amendment Rules, 2018 has been notified wherein any person who is rendering valuation services under the Act, may continue to render valuation services till 30th September 2018 without registration certificate. and such valuation or any part not completed shall be completed within 3 months thereafter.

Notification F.No.7/8/2016-CL.I – Dated 21st February 2018

Companies (Removal of Difficulties) Order 2018 has been issued by Central Government wherein it is clarified that an independent director re-appointed for second term under Section 149 (10) shall be removed by passing a special resolution, after reasonable opportunity of being heard is given to such director.

Notification F.No.1/19/2013-CL-V-Part – Dated 27th February 2018

MCA has notified the Companies (Accounts) Amendment Rules, 2018 which is effective from 27th February 2018. All companies which are required to comply with Companies (Indian Accounting Standards) Rules, 2015 shall also forward their statement in Form AOC-3A. The amendment are being carried out to introduce Form AOC-3A which is a Statement containing salient features of the financial statements under Division II & Schedule III to the Companies Act, 2013. The Form contains is divided into three parts i.e. Abridged Balance Sheet, Abridged Statement of Profit and Loss and Abridged Cash Flow Statement.

Insolvency & Bankruptcy Code 2016 (IBC)

No.IBBI/2017-18/GN/REG024 – Dated 6th February 2018

Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2018 has been notified.

No IBBI/2017-18/GN/REG/025 – Dated 7th February 2018

Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2018 has been notified.

Key amendments of both these regulations have been elaborated as part “Our News” section of the website.

Circular No. IP(CIRP)/006/2018 – Dated 23rd February 2018

Interim Resolution Professional, Resolution Professional, Liquidator are required to send forms to Board to be published on designated website within the timelines as specified.

Central Board of Direct Taxes (CBDT)

Circular No.2/2018 – Dated 15th February 2018

Explanatory Notes to the provisions of the Finance Act, 2017 have been issued.

Notification No.10/2018 – Dated 19th February 2018

Income Tax (First Amendment) Rules, 2018 has been notified which deals with the application for registration of charitable or religious trust. It is notified that application under section 12A(1)(aa) and 12A(1)(ab) shall be made in Form 10A along with the specified documents electronically. New Form 10A has been notified to substitute old Form 10A.

Notification No. 12/2018 – Dated 22nd February 2018

Centralised Communication Scheme 2018 has been notified with effect from 22nd February 2018. The scheme deals with the manner of issue of notice and serving that notice to any person for furnishing the information and documents. No personal appearance is required.

Central Board of Excise and Custom (CBEC) - Custom

Circular No.05/2018 – Dated 23rd February 2018

Central Board of Excise and Custom has issued the details regarding the pre-requisite and precautions to be taken for successful processing of refunds.

Central Board of Excise and Custom (CBEC) - Excise

Circular No. 1063/2018-CX – Dated 16th February 2018

A summary of 63 Orders of various High courts which are either decided on points of law or facts or dismissed on monetary limits, against which no SLP has been filed in Hon'ble Supreme Court, is prepared to reduce assist in reduction of litigations. This exercise has been undertaken so that cases on similar grounds of law or identical case on facts pending can be decided.

Securities and Exchange Board of India (SEBI)

Circular SEBI/HO/IMD/DF2/CIR/P/2018 /19 – Dated 7th February 2018

In furtherance to an earlier circular dated 30th November which deal with strengthening corporate governance of mutual funds, based on representations received, the RBI has relaxed certain conditions.

- Provisions relating to existing independent trustees and directors shall be complied in a phased manner, within a period of 2 years.
- Provisions relating to auditor rotation, it is clarified that an auditor who has conducted audit for 9 years or more may continue till the end of FY 2018-19.

Circular CIR/IMD/FPIC/26/2018 – Dated 15th February 2018

SEBI has relaxed certain provisions for investment by Foreign Portfolio Investors for ease the access norms.

Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 – Dated 22nd February 2018

In order to facilitate listed entities to comply with with minimum public shareholding requirement additional methods like Open Market Sale and Qualified Institutions Placement can be used, subject to the certain conditions.

Reserve Bank of India (RBI)

RBI/2017-18/131 DBR.No.BP.BC.101/21.04.048/2017-18-Dated 12th February 2018

Consequent to enactment of Insolvency and Bankruptcy Code 2016 (IBC), Reserve Bank of India has substituted existing guidelines related the resolution of stressed assets in order to harmonise the framework with IBC.

Details related to the amendments are elaborated in "Our News" section of our website.

RBI/2017-18/129 DBR.No.BP.BC,100 /21.04.048/2017-18 - Dated 7th February 2018

Micro, Small and Medium Enterprise as registered under Micro, Small and Medium Enterprises Development (MSMED) Act, 2000 shall continue to be classified as standard asset in books of Bank and NBFCs despite their failure to meet their repayment obligations subject to following conditions:

- Borrower is registered under GST as on 31st January 2018.
- Total exposure including non-fund based facility does not exceed INR 25 Crores.
- Account was standard as on 31st August 2017
- Amount overdue as on 1st September and subsequent dues are paid not later than 180 days from the date it became due.
- Provision of 5% shall be made against exposures not classified as NPA.
- Additional time is provided for classification purpose only and not for income recognition by Bank/NBFC.

RBI/2017-18/132 DCM (RMMT) No. 2945/11.37.01/2017-18 – 15th February 2018

Reserve Bank of India has given instruction to banks to accept the coins and small denominated notes. It is also advised to all banks to instruct all their branches to accept such coins and notes. Controlling offices are advised to pay surprise visits to ensure compliance.

REF.CEPD.PRS.No.3590/13.01.004/2017-18 – Dated 23rd February 2018

The RBI has introduced Ombudsman Scheme for Non-Banking Financial Companies, 2018 with a view to regulate and provide a system for redressal of complaints against deficiency of services of NBFC's.

NBFC-IFC, CIC, IDF-NBFC and NBFC under liquidation are excluded from the ambit of the scheme.

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