

# Brahmayya Bulletin

February 2023

## Editorial

A warm welcome to our readers!

With the month of February kicking in & the industry eagerly awaiting the Budget with certain expectations, the Union Budget for 2023-24 was presented by the Hon'ble Finance Minister with the vision for next 25 years i.e. 'Amrit Kaal', with key focus on facilitating ample opportunities for citizens (especially youth); inclusive growth and job creation; and strengthening macro economic stability.

Continuing the key focus on infrastructure growth led by Capital Expenditure, the budget had also made suitable allocations to meet India's energy transition needs and investment in upcoming industries such as AI and robotics coupled with other proposals with an adequate push for agriculture sector.

The month of February has been a roller coaster ride for the Indian capital market. The allegations made in the *Hindenburg Report* on Adani Group, late January 2023, led to turmoil in the Capital Markets resulting in substantial downfall in, not only the market value of the listed entities of Adani Group, but also the lending institutions of the Adani Group which has jolted the investor confidence. While the Adani Group has been denying the allegations, the matter is still being probed by SEBI under supervision of Committee appointed by Hon'ble Supreme Court. This entire saga has raised significant concerns on accounting and disclosure practices being followed across the globe and is an awakening calls for more robust reporting practices to ensure transparency and accountability.

As per the monthly economic report for February 2023, considering the inflationary conditions, the US Fed is likely to increase its rates further and the India's Current Account Deficit is likely to fall during this as well as next fiscal and same would provide buffer to Indian Rupee in uncertain times. Further, India's wholesale inflation and retail inflation has decreased as compared to previous month.

Our February newsletter provides significant updates from SEBI and other regulatory agencies in a summarized manner. For further assistance, do feel free to reach out to us!

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)

### General Circular No. 03/2023 File No. Policy-17/150/2022-CL-V-MCA Dated 7<sup>th</sup> February 2023

The timeline for forms launched by Ministry with effect from 23<sup>rd</sup> January 2023 has been further extended by 15 days without any additional fees. The timeline for Form PAS-03 falling due for filing between 20.01.2023 and 06.02.2023 has been extended by 15 days without any additional fees.

### General Circular No. 04/2023 File No. Policy-17/150/2022-CL-V-MCA Dated 21<sup>st</sup> February 2023

Subsequent to the earlier notifications dated 9<sup>th</sup> January 2023 and 7<sup>th</sup> February 2023, the date for filing forms has been extended till 31<sup>st</sup> March 2023 for which due dates falls between 7<sup>th</sup> February 2023 to 28<sup>th</sup> February 2023. The due for form PAS-03 which are due for filing between 20<sup>th</sup> January 2023 to 28<sup>th</sup> February 2023

### General Circular No. 05/2023 File No. Policy-02/01/2023-CL-V-MCA Dated 22<sup>nd</sup> February 2023

Physical submission of Form Form GNL-2, MGT-14, PAS-03, SH-8, SH-9 and SH-11 has been allowed with due signature including the forms in electronic media along with undertaking that once the forms are enabled on Portal, the Company will file the form online with applicable fees during the period 22<sup>nd</sup> February, 2023 to 31<sup>st</sup> March, 2023.

## Central Board of Direct Taxes (CBDT)

### Notification No.03/2023/F. No 370142/1/2023-TPL/SO 614(E) dated 7<sup>th</sup> February, 2023

Central Board of Direct Taxes has notified the Centralised Processing of Equalisation Levy Statement Scheme, 2023 with respect to processing of Equalisation Levy statement furnished under section 167 of the Finance Act, 2016.

### Notification No.04/2023/F. No 370142/51/2022-TPL/GSR 91(E) dated 10<sup>th</sup> February, 2023

Format & Particulars of Income Tax Return Forms ( ITR-1 SAHAJ, ITR-2, ITR-3, ITR-4 SUGAM, ITR-5, ITR-6, ITR-V) and Income Tax Return Acknowledgement (ITR-V) for Assessment Year 2023-24 i.e. for the Financial Year ending March 31, 2023 has been notified by the central Board of Direct Taxes vide Income Tax (First Amendment) Rules, 2023.

### Notification No.05/2023/F. No 370142/2/2023-TPL/GSR 95(E) dated 14<sup>th</sup> February, 2023

Format & Particulars of Income Tax Return Form i.e. ITR-7 for Assessment Year 2023-24 i.e. for the Financial Year ending March 31, 2023 has been notified by the central Board of Direct Taxes vide Income Tax (Second Amendment) Rules, 2023.

### Notification No.07/2023/F. No 370142/47/2023-TPL/GSR 118(E) dated 21<sup>st</sup> February, 2023

Central Board of Direct Taxes has amended Rule 16CC and Rule 17B of the Income-tax Rules, 1962 along with the tax audit report which is required to be furnished by Charitable Trusts or Institutions including NGOs registered under section 12A or approved under section 10(23C) of the Income-tax Act, 1961 in Form No. 10B and Form No. 10BB.

### Circular No.2/2023 F. No 370142/49/2022-TPL dated 03.11.2022

Central Board of Direct Taxes has issued corrigendum in respect of the words used in "The Explanatory Notes to the Finance Act, 2022" issued vide Circular No. 23 of 2022 dated 03.11.2022 wherein the words "two assessment years preceding such assessment year" mentioned in sub-point (iii) of the Point (I) of sub-paragraph (A) of paragraph 28.5 shall be read as "any assessment year preceding such assessment year". It implies that a person shall not be eligible to furnish an updated return under sub-section (8A) of Section 139 for the assessment year relevant to the previous year in which such search under section 132 is initiated or survey under section 133A is conducted or requisition under section 132A is made and any assessment year preceding such assessment year.

## Reserve Bank of India (RBI)

### RBI/2022-23/173 REF.No.MPD.BC.397/07.01.279/2022-23 dated 8<sup>th</sup> February 2023

Policy Repo Rate under the Liquidity Adjustment Facility (LAF) has been increased by 25 basis points i.e. from 6.25 per cent to 6.50 per cent with immediate effect, resulting to increase in repo rate Primary Dealers (PDs) for Standing Liquidity Facility to 6.50 per cent with immediate effect.

### RBI/2022-23/174 DOR. RET. REC. 101 /12.01.001/2022-23 dated 8<sup>th</sup> February 2023

Reserve Bank of India has revised the Bank Rate upward by 25 basis points from 6.50 per cent to 6.75 per cent with immediate effect. Consequently the penal interest rate for shortfall in reserve requirements, is also increased to 9.75% and 11.75% respectively based on the duration of shortfalls in maintaining Cash Reserve Ratio.

### RBI/2022-23/175 FMOD.MAOG.No.149/01.01.001/2022-23 dated 8<sup>th</sup> February 2023

Policy repo rate under the Liquidity Adjustment Facility (LAF) has been increased by 25 basis points from 6.25 per cent to 6.50 per cent with immediate effect, resulting to increase of the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate to 6.25 per cent and 6.75 per cent respectively.

### RBI/2022-23/181 DOR.ACC.REC.No.103/21.04.018/2022-23 dated 20<sup>th</sup> February 2023

In consultation with the National Bank for Agriculture and Rural Development (NABARD), Reserve Bank of India (Financial Statements- Presentation and Disclosures) Directions, 2021 ('Master Direction') will now be applicable to State Cooperative Banks and Central Cooperative Banks ("District Central Co-operative Banks"). The Master Direction shall apply to State and Central Cooperative Banks ("RCBs") unless explicitly specified otherwise, from the financial year ending March 31, 2023. Certain additional disclosure requirements shall be applicable to RCBs, from the financial year ending March 31, 2024.

**RBI/2022-23/182  
DOR.ACC.REC.No.104/21.07.001/2022-  
23 dated 20<sup>th</sup> February 2023**

To harmonise the concern for continued recognition of unrealised income, Asset Reconstruction Companies, which draws their financial statements under Ind AS, are advised to reduce the following amounts from their net owned funds while calculating the Capital Adequacy Ratio and the amount available for payment of dividend:

- Management fee recognised during the planning period that remains unrealised beyond 180 days from the date of expiry of the planning period.
- Management fee recognised after the expiry of the planning period that remains unrealised beyond 180 days of such recognition.
- Any unrealised management fees, notwithstanding the period for which it has remained unrealised, where the net asset value of the Security Receipts has fallen below 50 per cent of the face value.

The amount reduced from net owned funds and amount available for payment of dividend shall be net of any specific expected credit loss allowances held on unrealised management fee and the tax implications thereon, if any.

ARCs shall disclose information on the ageing of the unrealised management fee recognised in their books in the format specified as part of the Notes to Accounts in the annual financial statements.

**Securities and Exchange Board of India (SEBI)**

**SEBI/HO/CFD/PoD2/P/CIR/2023/18  
dated 3<sup>rd</sup> February 2023**

The methods for achieving the minimum public shareholding of 25% by listed entities, have been reviewed and rationalised by SEBI. Further, two additional methods have been introduced:

- Allotment of shares via employee stock option, subject to a maximum of 2% of paid-up equity share capital in the listed entity.

- Shares held by the promoter or promoter group transferred to an exchange traded fund managed by a SEBI-registered mutual fund, subject to a maximum of 5% of paid-up equity share capital in listed entity.

**SEBI/HO/DDHS/DDHS-  
RACPOD1/P/CIR/2023/020 dated 3<sup>rd</sup>  
February 2023**

Way forward for utilization and conditions has been prescribed for the issuer of green debt securities to avoid greenwashing, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

**SEBI/HO/DDHS/DDHS-  
RACPOD1/P/CIR/2023/023 dated 6<sup>th</sup>  
February 2023**

SEBI has issued notification regarding the review of Chapter IX-Green Debt Securities of the Operational Circular for the issue and listing of Non Convertible Securities (NCS), Securitised Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP) dated August 10, 2021 (hereinafter referred to as the 'NCS Operational Circular'), as amended from time to time. The following heads under Chapter IX of the NCS Operational Circular have been replaced, namely:

- Initial disclosure requirement for issue and listing of green debt securities
- Continuous disclosure requirements for listed debt securities
- Responsibility of the issuer.

The provision of this circular shall come in force for all green debt securities launched on or after 1st April 2023.

**SEBI/HO/CFD/PoD-1/P/CIR/2023/29  
dated 15<sup>th</sup> February 2023**

In order to facilitate ease of consumption of data by stakeholders, an Issue Summary Document ('ISD') has been introduced in xbrl format in a phased manner. It is introduced for following purposes:

- public issue of specified securities (initial public offer / further public offer)
- further issues {preferential issue, qualified institutions placement (QIP), rights issue, issue of American Depository Receipts (ADR), Global Depository Receipts (GDR) and

Foreign Currency Convertible Bonds (FCCBs) }

- buy-back of equity shares (through tender offer or from the open market)
- open offer under SEBI SAST Regulations
- voluntary delisting of equity shares where exit opportunity is required under SEBI Delisting Regulations

The ISDs will be disseminated through the websites of the stock exchanges and depositories. The implementation of filing of an ISD will be in the following phases:

- Public issue of specified securities: Offer documents filed on or after 1<sup>st</sup> March 2023
- Further issues: 3<sup>rd</sup> April 2023
- Open offer, buyback and voluntary delisting: 2<sup>nd</sup> May 2023.

**SEBI/HO/CFD/PoD-1/P/CIR/2023/31  
dated 16<sup>th</sup> February 2023**

In order to enable the stakeholders to have access to the provisions of all circulars relating to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('Takeover Regulations'), SEBI has released a Master Circular. With the issuance of this Master Circular, the directions/instructions contained in the circulars listed out in Annexure-V to this Master Circular, to the extent they relate to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "Takeover Regulations"), shall stand rescinded. This is primarily a consolidation of all existing and applicable circulars and formats for disclosures relating to Takeover Regulations.

**SEBI/LAD-NRO/GN/2023/119.— dated 2<sup>nd</sup> February 2023**

Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) (Amendment) Regulations, 2023 has been notified. Following amendments have been notified:

- Regulation 18 (6A) has been inserted whereby SEBI has now mandated issuers to ensure that debenture trust deed shall contain a provision, mandating the issuer to appoint the person nominated by the debenture trustee(s) as a director on its Board of Directors at the earliest and not later than one month from the date of receipt of nomination from the debenture trustee(s). Further such Issuers whose debt securities are already listed have been mandated to amend the trust deed to incorporate the above provision on or before September 30, 2023.
- Regulation 23 (6) has been inserted which require the Issuer Company to ensure that its Articles of Association has a provision requiring its Board of Directors to appoint the person nominated by the debenture trustee(s) as a director on its Board of Directors. For existing issuers whose debt securities are listed as on date of this amendment shall amend its Articles of Association to comply with this provision, on or before September 30, 2023. The issuer, which is in default of payment of interest or repayment of principal amount in respect of listed debt securities, shall appoint the person nominated by the debenture trustee(s) as a director on its Board of Directors, within one month from date of receipt of nomination from the debenture trustee or date of publication of this amendment in official gazette), whichever is later.
- The definition of Green Debt Security has been amended.

- Regulation 33A has been inserted which requires that in case of public issue of debt securities or, non convertible redeemable preference shares, the offer shall be kept open for a minimum of three working days and a maximum of ten working days. In case of revision of price band or yield, the bidding (issue) period shall be extended for minimum three working days but the overall bidding (issue) period shall not exceed beyond 10 working days. In case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period disclosed in the offer document but not beyond maximum bidding (issue) period of 10 working days.
- Regulation 15 (6) and 16 (7) has been substituted regarding the Right to recall and redemption prior to maturity, which requires that issuer shall send notice to all eligible holders at least twenty-one days before the date from which such right is exercisable either in soft copy of who have registered their email address(es) either with the listed entity or any Depository, hard copy of the notice to the eligible holders who have not registered their email address(es). The issuer shall simultaneously provide a copy of such notice to the stock exchange(s) where the non-convertible securities of the issuer are listed, for dissemination on its website.

**SEBI/LAD-NRO/GN/2023/120 dated 7<sup>th</sup> February 2023**

Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2023 has been notified. Following are the amendments:

- **Maximum limit for buyback:** To calculate the maximum limit of buyback (including for calculation of the debt-equity ratio), being 25% of paid up capital and free reserves, the amounts considered shall be as per standalone or consolidated financial statements, whichever is lower.
- Open market buy-backs through stock exchanges will not be allowed with effect from April 1, 2025.

The buy-back from open market through stock exchanges, shall be achieved by limiting the quantum of buy back permitted to less than:

- (a) 15% of the paid up capital and free reserves of the company till March 31, 2023;
- (b) 10% of the paid up capital and free reserves of the company till March 31, 2024; and
- (c) 5% of the paid up capital and free reserves of the company till March 31, 2025.

- Prior lender consent shall be obtained in case of a breach of any covenant with such lender and a disclosure of the consent shall form part of the letter of offer.
- At least 75% of the amount earmarked for buy-back (as specified in the board or special resolution) as against 50% under the current Buy-back Regulations shall be utilized for buying back shares or securities. It has been prescribed that at least 40% of the amount earmarked for buy-back is utilized within initial half of the specified duration.
- The buy-back offer shall open not later than four working days from the record date and shall close
  - (a) within six months, if the buy-back offer is opened on or before March 31, 2023;
  - (b) within 66 working days, if the buy-back offer is opened on or after April 1, 2023 and till March 31, 2024; and
  - (c) within 22 working days, if the buy-back offer is opened on or after April 1, 2024 and till March 31, 2025.

With effect from April 1, 2025, buy-back through the stock exchange shall not be available (except for any buy-back open offers has opened before April 1, 2025).



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