

ACQUISORY

NEWS

CHRONICLE

November, 2018

Stay Connected with Acquisory



[www.acquisory.com](http://www.acquisory.com)

# CONTENT

AT A GLANCE 3

LEGAL UPDATES 4

RBI 4

MCA 5

SEBI 6

TAX 7

OTHER 8

GLOSSARY 9

## DISCLAIMER

All rights reserved. No part of this news chronicle may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means without the prior permission in writing of Acquisory Consulting LLP or as expressly permitted by law. Enquiries concerning the reproduction outside the scope of the above should be sent to the relevant department of Acquisory Consulting LLP, at the address mentioned therein below.

The readers are advised not to circulate this News Chronicle in any other binding or cover and must impose this same condition on any acquirer.

## AT A GLANCE

### ACQUISORY NEWS CHRONICLE NOVEMBER, 2018

#### ➤ *RBI eases the guidelines to NBFCs on securitisation transactions*

In order to ease the liquidity stress in NBFCs,

- RBI has decided to relax the Minimum Holding Period (MHP) requirement for originating NBFCs, to receipt of repayment of six monthly instalments or 2 quarterly instalments.
- Will primarily help HFCs and NBFCs whose loan tenures are more than 5 years.

#### ➤ *CBIC extends due date to file FORM GSTR – 7 to 31st January 2019*

#### ➤ *Net Stable Funding Ratio (NSFR) guidelines to come into effect from 1<sup>st</sup> April, 2020*

RBI has decided that Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR) will come into effect from 1<sup>st</sup> April, 2020.

#### ➤ *SEBI extends Trading hours for commodity derivatives segments*

SEBI has extended Trading hours for Commodity derivatives segments.

- For Non-Agricultural commodities trade start time – 9.00AM and trade end time 11.30 PM (After Start of US Day light Savings in Spring Season) and 11.55 PM (After End of US Day light Savings in Fall Season).
- For Agricultural and Agri-processed Commodities – Trade Start Time – 9.00 AM and Trade End time 9.00 PM.

#### ➤ *Secretary, MCA has constituted a Committee for finalizing Business Responsibility Reporting (BRR) Format for Listed and Unlisted Companies based on the BRR Framework of the updated National Voluntary Guidelines*

## RBI Updates

### ➤ ***Review of Minimum Average Maturity (MAM) and Hedging Provisions under External Commercial Borrowings (ECB) Policy***

RBI has issued a circular to amend the following provisions of the ECB framework:

- MAM - Reduce the minimum average maturity requirement for ECBs in the infrastructure space to 3 years from earlier 5 years; and
- Hedging requirements - Reduce the average maturity requirement from current 10 years to 5 years for exemption from mandatory hedging provision applicable to ECBs raised by eligible borrowers. Accordingly, the ECBs with minimum average maturity period of 3 to 5 years in the infrastructure space will have to meet the mandatory hedging requirement.
- Further, it is also clarified that ECBs falling under the aforesaid revised provision but raised prior to the date of this circular will not be required to mandatorily roll-over their existing hedges.

[https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11408  
&Mode=0](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11408&Mode=0)

### ➤ ***Mandatory hedge coverage reduced to 70% for Track I ECBs***

- ECB under Track I are denominated for having an average maturity between 3 and 5 years, are mandatorily required to hedge their ECB exposure fully.
- Now, the RBI has decided, in consultation with the Government of India, to reduce the mandatory hedge coverage from 100 % to 70% for ECBs raised under Track I of the ECB framework by eligible borrowers.

[https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11418  
&Mode=0](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11418&Mode=0)

# MCA Updates

## ➤ ***Companies (Amendment) Ordinance, 2018 becomes effective***

The President has given his assent to the Companies (Amendment) Ordinance, 2018 with effect from 2<sup>nd</sup> November 2018. The Ordinance amends 31 Provisions of Companies Act, 2013.

The twin objectives of the Ordinance are promotion of Ease of Doing Business along with better corporate compliance. The main amendments are as under;

- i. Shifting of jurisdiction of 16 types of corporate offences from the special courts to in-house adjudication, which is expected to reduce the case load of Special Courts by over 60%, thereby enabling them to concentrate on serious corporate offences. With this amendment the scope of in-house adjudication has gone up from 18 Sections at present to 34 Sections of the Act.
- ii. The penalty for small companies and one person companies has been reduced to half of that applicable to normal companies.
- iii. Instituting a transparent and technology driven in-house adjudication mechanism on an online platform and publication of the orders on the website.
- iv. Strengthening in-house adjudication mechanism by necessitating a concomitant order for making good the default at the time of levying penalty, to achieve the ultimate aim of achieving better compliance.
- v. Declogging the NCLT by:
  - a. enlarging the pecuniary jurisdiction of Regional Director by enhancing the limit up to Rs. 25 Lakh as against earlier limit of Rs. 5 Lakh under Section 441 of the Act;
  - b. vesting in the Central Government the power to approve the alteration in the financial year of a company under section 2(41); and
  - c. vesting the Central Government the power to approve cases of conversion of public companies into private companies.
- vi. Recommendations related to corporate compliance and corporate governance include re-introduction of declaration of commencement of business provision to better tackle the menace of 'shell companies'; greater disclosures with respect to public deposits; greater accountability with respect to filing documents related

to creation, modification and satisfaction of charges; non-maintenance of registered office to trigger de-registration process; and holding of directorships beyond permissible limits to trigger disqualification of such directors.

## ➤ ***MCA issues National Financial Reporting Authority Rules (NFRA)***

The rules shall apply to classes of companies and bodies corporate governed by the NFRA and shall include.

- Companies listed on stock exchange;
- Unlisted public companies having paid-up capital of not less than INR 500 Cr or having annual turnover of not less than INR 1,000 Crs or having, in aggregate, outstanding loans, debentures and deposits of not less than INR 500 Crs as on 31<sup>st</sup> March of the immediately preceding Financial Year;
- Further, every existing body corporate other than a company governed by these rules, shall inform the Authority within thirty days of the commencement of these rules, in Form NFRA-1, the particulars of the auditor as on the date of commencement of these rules.

[http://www.mca.gov.in/Ministry/pdf/NFRARules2018\\_13112018.pdf](http://www.mca.gov.in/Ministry/pdf/NFRARules2018_13112018.pdf)

## ➤ ***The Secretary, MCA constitutes Committee for finalizing Business Responsibility Reporting (BRR) Format for Listed and Unlisted Companies***

[http://www.mca.gov.in/Ministry/pdf/NewandUpdateConstitutionOfCommittee\\_15112018.pdf](http://www.mca.gov.in/Ministry/pdf/NewandUpdateConstitutionOfCommittee_15112018.pdf)

## ➤ ***Revision of E-Forms***

Form MR-2 revised on MCA21 Company Forms Download page w.e.f 20th November, 2018.

Forms ADT-3 and MR-1 are likely to be revised on MCA21 Company Forms Download page w.e.f 22nd November, 2018.

## SEBI Updates

### ➤ ***Listed entities to disclose reasons for delay in financial result submission***

- SEBI has issued circular w.r.t. Disclosure of reasons for delay in submission of financial results by listed entities.
- It is now mandated that if any listed entity does not submit its financial results in accordance with the timelines specified in Regulation 33 of Listing Regulations, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of the due date of submission for the results as required under Regulation 33.
- However, if the decision to delay the results was taken by the listed entity prior to the due date, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of such decision.

### ➤ ***Mandatory Fund raising by way of Debt Securities from 01<sup>st</sup> April, 2019***

SEBI has prescribed the framework for raising of funds by way of Debt Securities.

- For the entities following April-March as their financial year, the framework shall come into effect from April 01, 2019 and for the entities which follow calendar year as their financial year, the framework shall become applicable from January 01, 2020.
- The framework shall be applicable for all listed entities(except for Scheduled Commercial Banks), on last applicable day of the FY(i.e. March 31 or December 31).

[https://www.sebi.gov.in/legal/circulars/nov-2018/fund-raising-by-issuance-of-debt-securities-by-large-entities\\_41071.html](https://www.sebi.gov.in/legal/circulars/nov-2018/fund-raising-by-issuance-of-debt-securities-by-large-entities_41071.html)

### ➤ ***SEBI issues Operating Guidelines for Alternative Investment Funds in IFSC***

SEBI has decided to put in place ‘Operating Guidelines for Alternatives Investment Funds in International Financial Services Centres (IFSC) in India.

[https://www.sebi.gov.in/legal/circulars/nov-2018/operating-guidelines-for-alternative-investment-funds-in-international-financial-services-centres\\_41070.html](https://www.sebi.gov.in/legal/circulars/nov-2018/operating-guidelines-for-alternative-investment-funds-in-international-financial-services-centres_41070.html)

## Tax Updates

### ➤ *Father's name non-mandatory in PAN application form: CBDT*

Income Tax department has done away with mandatory quoting of father's name for PAN applications vide Notification No. 82/2018 dated: 19th November, 2018.

### ➤ *PAN mandatory for entities with transactions of more than INR 2.5 lacs : CBDT*

IT Department also made it mandatory for entities that have made financial transactions worth Rs 2.5 lakh or more in a financial year to apply for a PAN card.

### ➤ *6 Changes in e-way bill generation with effect from 16.11.2018*

CBIC has Proposed 6 improvements in e-way bill generation with effect from 16.11.2018 which includes

- Checking of duplicate generation of e-way bills based on same invoice number,
- CKD/SKD/Lots for movement of Export/Import consignment,
- Shipping address in case of export supply type,
- Dispatching address in case of import supply type,
- 'Bill To – Ship To' transactions and
- Changes in Bulk e-way bill Generation Tool.

### ➤ *Protocol amending India-China DTAA*

The Government of the Republic of India and the Government of the People's Republic of China have amended the Double Taxation Avoidance Agreement (DTAA) for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income, by signing a Protocol on 26/11/2018.

- The Protocol updates the existing provisions for exchange of information to the latest international standards.
- Further, the Protocol incorporates changes required to implement treaty related minimum standards under the Action reports of Base Erosion & Profit shifting (BEPS) Project, in which India had participated on an equal footing.
- Besides minimum standards, the Protocol brings in changes as per BEPS Action reports as agreed upon by the two sides.

## Other Updates

### ➤ *Clarification regarding Maternity Leave Incentive Scheme*

- Ministry of Labour and Employment have issued clarifications w.r.t. Maternity Leave Incentive Scheme.
- It is clarified that Ministry is in the process of obtaining necessary budgetary grant and approvals of Competent Authorities. The reports that it will be funded from Labour Welfare Cess, is also incorrect, as no such cess exists under this Ministry.
- The clarification has come in the light where the Ministry of Labour & Employment is working on an incentive scheme wherein 7 weeks' wages would be reimbursed to employers who employ women workers with wage ceiling upto INR 15000 and provide the maternity benefit of 26 weeks paid leave, subject to certain conditions.
- It is estimated that approximately an amount of INR 400 Crs would be the financial implication for Government of India, Ministry of Labour & Employment for implementing the proposed incentive scheme.



## Glossary

CBDT	Central Board of Direct Taxes	MCA	Ministry of Corporate Affairs
CGST	Central Goods and Service Tax	MSME	Micro Small and Medium Enterprises
CA 2013	Companies Act 2013	NBFC	Non Banking Financial Company
DIN	Director Identification Number	NCLAT	National Company Law Appellate Tribunal
ETF	Exchange Traded Fund	NCLT	National Company Law Tribunal
FPI	Foreign Portfolio Investors	NFRA	National Financial Reporting Authority
FDI	Foreign Direct Investment	NPA	Non-Performing Assets
FEM	Foreign Exchange Management	NRI	Non resident Indian
GST	Goods and Services Tax	OTP	One Time Password
GIC	GST Implementation Committee	OCI	Overseas Citizens of India
IBBI	Insolvency and Bankruptcy Board of India	PAN	Permanent Account Number
IGST	Integrated Goods and Services Tax	PIO	Person of Indian Origen
ITC	Input tax Credit	RBI	Reserve Bank Of India
IFRS	International Financial Reporting Standards	ROC	Registrar of Companies
ITR	Income Tax Return	SEBI	Securities and Exchange Board of India
IBC	Insolvency and Bankruptcy Code	TAN	Tax Account Number
IPs	Insolvency Professionals	UTGST	Union Territory Goods and Service Tax
IND AS	Indian Accounting Standards	VAT	Value Added Tax
ICDS	Income Computation and Disclosure Standards	IEPF	Investor Education and Protection Fund
MoU	Memorandum of Understanding	ISD	Input Service Distributer

## Contact Us

### Delhi-NCR

Unit 1116, 11th Floor  
World Trade Tower  
C 1, Sector 16  
Noida  
Uttar Pradesh 201301  
Tel: +91 120 614 3000  
Fax: +91 120 614 3033

### Mumbai

Peninsula Business Park,  
19th Floor, Tower B,  
Lower Parel  
Mumbai-  
Maharashtra 400013

### Our Services

#### M&A Advisory

- Deal Structuring / Negotiation
- Buy Side / Sell Side Advisory
- Due Diligence
- Valuations
- M&A Integration
- Corporate Finance

#### Asset Management

- Portfolio Management
- Strategic Advice
- Finance Management
- Dispute Resolution and Litigation Management
- Exit advisory

#### Operations & Risk Consulting

- Internal Audit
- Risk Management
- IFC Review
- DAS Audit
- Compliance Management
- Process Improvement
- Cost Reduction
- Working Capital Optimization
- Data Analytics
- Physical Verification

#### Financial Reporting & Compliance

- Accounting & Reporting
- Secretarial

#### IT Risk, Forensics

- Information Security Management Services
- Forensics
- Technology Risk Solution
- Security Risk Management
- Creative Training Solution

Krishan Goyal

[krishan.goyal@acquisory.com](mailto:krishan.goyal@acquisory.com)

Rajarshi Datta

[rajarshi.datta@acquisory.com](mailto:rajarshi.datta@acquisory.com)

Divya Vij

[divya.vij@acquisory.com](mailto:divya.vij@acquisory.com)

Dinesh Pillai

[dinesh.pillai@acquisory.com](mailto:dinesh.pillai@acquisory.com)