

Summary of the recently issued notifications/circulars

01. MCA Notification, dated 2nd November 2018

The Companies (Amendment) Ordinance, 2018 (9 of 2018)

02. MCA Rules, dated 13th November 2018

Companies (Registered Valuers and Valuation) Fourth Amendment Rules, 2018.

03. MCA Rules, dated 13th November 2018

National Financial Reporting Authority Rules (NFRA) 2018

04. SEBI Notification, dated 16th November 2018

Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) (Sixth Amendment) Regulations, 2018

05. SEBI Notification, dated 19th November 2018

Disclosure of reasons for delay in submission of financial results by listed entities

06. SEBI Notification, dated 26th November 2018

Fund raising by issuance of Debt Securities by Large Entities

07. ICAI Notification, dated 27th November 2018

Standards on Internal Audit (SIAs) as issued by the Institute of Chartered Accountants of India

08. CBDT Press Release dated 2nd November 2018

Subject: Indian Advance Pricing Agreement regime moves forward with signing of more UAPAs and BAPAs by CBDT

09. CBDT Press Release dated 26th November 2018

Protocol amending India-China DTAA

10. Central Tax Notification 61, dated 5th November 2018

Seeks to exempt supply from PSU to PSU from applicability of provisions relating to TDS

11. Central Tax Notification 62, dated 29th November 2018

Seeks to extend the last date for filing of FORM GSTR-3B for taxpayers in Srikakulam district of Andhra Pradesh and 11 districts of Tamil Nadu

PGB Updates

22/30-NOV-18

12. Central Tax Notification 63, dated 29th November 2018

Seeks to extend the due date for filing of FORM GSTR - 1 for taxpayers having aggregate turnover above Rs 1.5 crores for taxpayers in Srikakulam district in Andhra Pradesh and 11 districts of Tamil Nadu.

13. Central Tax Notification 64, dated 29th November 2018

Seeks to extend the due date for filing of FORM GSTR - 1 for taxpayers having aggregate turnover up to Rs 1.5 crores for the quarter from July, 2018 to September, 2018 for taxpayers in Srikakulam district of Andhra Pradesh.

14. Central Tax Notification 65, dated 29th November 2018

Seeks to extend the due date for filing of FORM GSTR - 4 for the quarter July to September, 2018 for taxpayers in Srikakulam district of Andhra Pradesh.

15. Central Tax Notification 66, dated 29th November 2018

Seeks to extend the due date for filing of FORM GSTR – 7 for the months of October, 2018 to December, 2018

PGB Updates

22/30-NOV-18

Recently issued notifications/circulars are given below for your ready reference.

01. MCA Notification, dated 2nd November 2018

Subject: The Companies (Amendment) Ordinance, 2018 (9 of 2018)

Brief note:

Summary of the Notification dated 2nd November, 2018 regarding Provisions of The Companies (Amendment) Ordinance 2018

1. CHAPTER I

Short Title, Commencement and Definitions, Section 2 (41): Financial year

For the first proviso the following shall be substituted:

"Provided that where a company or body corporate, which is a holding company or a subsidiary or associate company of a company incorporated outside India and is required to follow a different financial year for consolidation of its accounts outside India, the Central Government may, on an application made by that company or body corporate in such form and manner as may be prescribed, allow any period as its financial year, whether or not that period is a year:

Provided further that any application pending before the Tribunal as on the date of commencement of the Companies (Amendment) Ordinance, 2018, shall be disposed of by the Tribunal in accordance with the provisions applicable to it before such commencement.";

(b) in the second proviso, for the words "Provided further that", the words "Provided also that" shall be substituted.

2. CHAPTER II

Incorporation of Company and matters incidental thereto, Insertion of new section 10(A): Commencement of Business etc)

After section 10 of the principal Act, the following section shall be inserted, namely:-

(1) A company incorporated after the commencement of the Companies (Amendment) Ordinance, 2018 and having a share capital shall not commence any business or exercise any borrowing powers unless-

(a) a declaration is filed by a director within a period of one hundred and eighty days of the date of incorporation of the company in such form and verified in such manner as may be prescribed, with the Registrar that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of such declaration; and (b) the company has filed with the Registrar a verification of its registered office as provided in sub-section (2) of section 12.

(2) If any default is made in complying with the requirements of this section, the company shall be liable to a penalty of fifty thousand rupees and every officer who is in default shall be liable to a penalty of one thousand rupees for each day during which such default continues but not exceeding an amount of one lakh rupees.

(3) Where no declaration has been filed with the Registrar under clause (a) of sub-section (1) within a period of one hundred and eighty days

PGB Updates

22/30-NOV-18

of the date of incorporation of the company and the Registrar has reasonable cause to believe that the company is not carrying on any business or operations, he may, without prejudice to the provisions of sub-section (2), initiate action for the removal of the name of the company from the register of companies under Chapter XVIII.

3. CHAPTER II

Incorporation of Company and matters incidental thereto, Insertion of new sub-section (9) after Section 12 sub section 8

In section 12 of the principal Act, after sub-section (8), the following sub-section shall be inserted, namely:-

"(9) If the Registrar has reasonable cause to believe that the company is not carrying on any business or operations, he may cause a physical verification of the registered office of the company in such manner as may be prescribed and if any default is found to be made in complying with the requirements of subsection (1), he may without prejudice to the provisions of sub-section (8), initiate action for the removal of the name of the company from the register of companies under Chapter XVIII."

4. CHAPTER II

Incorporation of Company and matters incidental thereto, Section 14(1) and (2): Alteration of articles

(i) in sub-section (1), for the second proviso, the following proviso shall be substituted, namely:-

"Provided further that any alteration having the effect of conversion of a public company into a private company shall not be valid unless it is approved by an order of the Central Government

on an application made in such form and manner as may be prescribed:

Provided also that any application pending before the Tribunal, as on the date of commencement of the Companies (Amendment) Ordinance, 2018, shall be disposed of by the Tribunal in accordance with the provisions applicable to it before such commencement.";

(ii) in sub-section (2), for the word "Tribunal", the words "Central Government" shall be substituted.

5. CHAPTER IV

Share Capital and Debentures, Section 53(3): Prohibition on issue of shares at discount

In section 53 of the principal Act, for sub-section (3), the following sub-section shall be substituted, namely:-

"(3) Where any company fails to comply with the provisions of this section, such company and every officer who is in default shall be liable to a penalty which may extend to an amount equal to the amount raised through the issue of shares at a discount or five lakh rupees, whichever is less, and the company shall also be liable to refund all monies received with interest at the rate of twelve per cent. per annum from the date of issue of such shares to the persons to whom such shares have been issued."

6. CHAPTER IV

Share Capital and Debentures, Section 64(2): Notice to be given to Registrar for alteration of share capital

PGB Updates

22/30-NOV-18

In section 64 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:-

"(2) Where any company fails to comply with the provisions of sub-section (1), such company and every officer who is in default shall be liable to a penalty of one thousand rupees for each day during which such default continues, or five lakh rupees whichever is less."

7. CHAPTER VI

Registration of Charges, Section 77(1): Duty to register charges, etc.

In section 77 of the principal Act, in sub-section (1), for the first and second provisos, the following provisos shall be substituted, namely:-

"Provided that the Registrar may, on an application by the company, allow such registration to be made-

(a) in case of charges created before the commencement of the Companies (Amendment) Ordinance, 2018, within a period of three hundred days of such creation; or (b) in case of charges created on or after the commencement of the Companies (Amendment) Ordinance, 2018, within a period of sixty days of such creation, on payment of such additional fees as may be prescribed:

Provided further that if the registration is not made within the period specified-

(a) in clause (a) to the first proviso, the registration of the charge shall be made within six months from the date of commencement of the Companies (Amendment) Ordinance, 2018, on payment of such additional fees as may be

prescribed and different fees may be prescribed for different classes of companies;

(b) in clause (b) to the first proviso, the Registrar may, on an application, allow such registration to be made within a further period of sixty days after payment of such advalorem fees as may be prescribed."

8. CHAPTER VI

Registration of Charges, Section 86: Punishment for contravention, New insertion of sub section (1) and (2)

Section 86 of the principal Act shall be numbered as subsection (1) thereof and after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:-

"(2) If any person willfully furnishes any false or incorrect information or knowingly suppresses any material information, required to be registered in accordance with the provisions of section 77, he shall be liable for action under section 447."

9. CHAPTER VI

Registration of Charges, Section 87: Rectification by Central Government in register of charges

For section 87 of the principal Act, the following section shall be substituted, namely:-

"87. The Central Government on being satisfied that –

(a) the omission to give intimation to the Registrar of the payment or satisfaction of a charge, within the time required under this Chapter; or (b) the omission or misstatement of any particulars with respect to any such charge or modification or with respect to any

PGB Updates

22/30-NOV-18

memorandum of satisfaction or other entry made in pursuance of section 82 or section 83, was accidental or due to inadvertence or some other sufficient cause or it is not of a nature to prejudice the position of creditors or shareholders of the company, it may, on the application of the company or any person interested and on such terms and conditions as the Central Government deems just and expedient, direct that the time for the giving of intimation of payment or satisfaction shall be extended or, as the case may require, that the omission or misstatement shall be rectified"

10. CHAPTER VII

Management and Administration, Section 90 (9) and (10): Register of significant beneficial owners in a Company.

For section 90 of the principal Act, the following sub-section shall be substituted, namely:-

"(9) The company or the person aggrieved by the order of the Tribunal may make an application to the Tribunal for relaxation or lifting of the restrictions placed under sub-section (8), within a period of one year from the date of such order.

Provided that if no such application has been filed within a period of one year from the date of the order under subsection (8), such shares shall be transferred to the authority constituted under sub-section (5) of section 125, in such manner as may be prescribed;

(ii) in sub-section (10),-

(a) after the word "punishable", the words "with imprisonment for a term which may extend to one year or" shall be inserted;

(b) after the words "ten lakh rupees", the words "or with both" shall be inserted.

11. CHAPTER VII

Management and Administration, Section 92(5): Annual return.

For section 92 of the principal Act, the following section shall be substituted, namely:-

"(5) If any company fails to file its annual return under subsection (4), before the expiry of the period specified therein, such company and its every officer who is in default shall be liable to a penalty of fifty thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of five lakh rupees."

12. CHAPTER VII

Management and Administration, Section 102 (5): Statement to be annexed to notice.

In section 102 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely:-

"(5) Without prejudice to the provisions of sub-section (4), if any default is made in complying with the provisions of this section, every promoter, director, manager or other key managerial personnel of the company who is in default shall be liable to a penalty of fifty thousand rupees or five times the amount of benefit accruing to the promoter, director, manager or other key managerial personnel or any of his relatives, whichever is higher."

PGB Updates

22/30-NOV-18

13. CHAPTER VII

Management and Administration, Section 105

(3): Proxies

In section 105 of the principal Act, in sub-section (3), for the words "punishable with fine which may extend to five thousand rupees", the words "liable to a penalty of five thousand rupees" shall be substituted

14. CHAPTER VII

Management and Administration, Section 117

(2): Resolutions and agreements to be filed

In section 117 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:-

"(2) If any company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified therein, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of twenty-five lakh rupees and every officer of the company who is in default including liquidator of the company, if any, shall be liable to a penalty of fifty thousand rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees."

15. CHAPTER VII

Management & Administration, Section 121 (3):

Report on annual general meeting

In section 121 of the principal Act, for sub-section (3), Amendment of the following sub-section shall be substituted, namely:-

"(3) If the company fails to file the report under sub-section (2) before the expiry of the period specified therein, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty which shall not be less than twenty-five thousand rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees."

16. CHAPTER IX

Account of Companies, Section 137 (3): Copy of financial statement to be filed with Registrar

In section 137 of the principal Act, in sub-section (3),- Amendment of section 137.

(a) for the words "punishable with fine", the words "liable to a penalty" shall be substituted;

(b) for the words "punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees or with both", the words "shall be liable to a penalty of one lakh rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees" shall be substituted.

17. CHAPTER X

Audit And Auditors, Section 140 (3): Removal, resignation of auditor and giving of special notice.

PGB Updates

22/30-NOV-18

In section 140 of the principal Act, for sub-section (3), the following sub-section shall be substituted, namely:-

"(3) If the auditor does not comply with the provisions of sub-section (2), he or it shall be liable to a penalty of fifty thousand rupees or an amount equal to the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees"

18. CHAPTER XI

Appointment And Qualifications Of Directors, Section 157 (2) : Company to inform Director Identification Number to Registrar

In section 157 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:-

"(2) If any company fails to furnish the Director Identification Number under sub-section (1), such company shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees, and every officer of the company who is in default shall be liable to a penalty of not less than twenty-five thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees."

19. CHAPTER XI

Appointment and Qualifications of Directors, Section 159: Substitution of new section for section 159. Penalty for default of certain provisions

For section 159 of the principal Act, the following section shall be substituted, namely:-

"159. If any individual or director of a company makes any default in complying with any of the provisions of section 152, section 155 and section 156, such individual or director of the company shall be liable to a penalty which may extend to fifty thousand rupees and where the default is a continuing one, with a further penalty which may extend to five hundred rupees for each day after the first during which such default continues."

20. CHAPTER XI

Appointment and Qualifications of Directors, Section 164 (1): Disqualifications for appointment of director

In section 164 of the principal Act, in sub-section (1), after clause (h), the following clause shall be inserted, namely:-

"(i) he has not complied with the provisions of sub-section (1) of section 165."

21. CHAPTER XI

Appointment and Qualifications of Directors, Section 165 (6): Number of directorships

In section 165 of the principal Act, in sub-section (6), for the portion beginning with "punishable with fine" and ending with "contravention continues", the words "liable to a penalty of five thousand rupees for each day after the first

PGB Updates

22/30-NOV-18

during which such contravention continues" shall be substituted.

22. CHAPTER XII

Meeting of Board and its Powers, Section 191 (5): Payment to director for loss of office, etc., in connection with transfer of undertaking, property or shares.

In section 191 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely:-

"(5) If a director of the company makes any default in complying with the provisions of this section, such director shall be liable to a penalty of one lakh rupees."

23. CHAPTER XIII

Appointment & Remuneration of Managerial Personnel, Section 197 (7) & (15): Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits

In section 197 of the principal Act,-

(a) sub-section (7) shall be omitted;

(b) for sub-section (15), the following sub-section shall be substituted, namely:

"(15) If any person makes any default in complying with the provisions of this section, he shall be liable to a penalty of one lakh rupees and where any default has been made by a company, the company shall be liable to a penalty of five lakh rupees."

24. CHAPTER XIII

Appointment & Remuneration of Managerial Personnel, Section 203 (5): Appointment of key managerial personnel

In section 203 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely:—

"(5) If any company makes any default in complying with the provisions of this section, such company shall be liable to a penalty of five lakh rupees and every director and key managerial personnel of the company who is in default shall be liable to a penalty of fifty thousand rupees and where the default is a continuing one, with a further penalty of one thousand rupees for each day after the first during which such default continues but not exceeding five lakh rupees."

25. CHAPTER XV

Compromises, Arrangements & Amalgamations, Section 238 (3): Registration of offer of schemes involving transfer of shares

In section 238 of the principal Act, in sub-section (3), for the words "punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees", the words "liable to a penalty of one lakh rupees" shall be substituted.

26. CHAPTER XVIII

Removal of Names of Companies from the Register of Companies, Section 248 (1): Power of Registrar to remove name of company from register of companies

In section 248 of the principal Act, in sub-section (1), (a) in clause (c), for the word and figures

PGB Updates

22/30-NOV-18

"section 455," the words and figures "section 455; or" shall be substituted;

(b) after clause (c) and before the long line, the following clauses shall be inserted, namely:-

"(d) the subscribers to the memorandum have not paid the subscription which they had undertaken to pay at the time of incorporation of a company and a declaration to this effect has not been filed within one hundred and eighty days of its incorporation under sub-section (1) of section 10A; or

(e) the company is not carrying on any business or operations, as revealed after the physical verification carried out under sub-section (9) of section .12".

27. CHAPTER XXVIII, Special Courts, Section 441 (1) and (6): Compounding of certain offences

In section 441 of the principal Act,-

(a) in sub-section (1), in clause (b), for the words "does not exceed five lakh rupees", the words "does not exceed twenty-five lakh rupees" shall be substituted;

(b) for sub-section (6), the following sub-section shall be substituted, namely:-

"(6) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any offence which is punishable under this Act with imprisonment only or with imprisonment and also with fine shall not be compoundable."

28. CHAPTER XXVIII

Special Courts, Section 446 B: Lesser penalties for one person companies or small companies.

In section 446B of the principal Act, for the portion beginning with "punishable with fine"

and ending with "specified in such sections", the words "liable to a penalty which shall not be more than one half of the penalty specified in such sections" shall be substituted.

29. CHAPTER XXIX

Miscellaneous, Section 447 (3): Punishment for fraud

In section 447 of the principal Act, in the second proviso, for the words "twenty lakh rupees", the words "fifty lakh rupees" shall be substituted

30. CHAPTER XXIX

Miscellaneous, Section 454 (3): Adjudication of penalties

In section 454 of the principal Act, -

(i) for sub-section (3), the following sub-section shall be substituted, namely: -

"(3) The adjudicating officer may, by an order- (a) impose the penalty on the company, the officer who is in default, or any other person, as the case may be, stating therein any non-compliance or default under the relevant provisions of this Act; and

(b) direct such company, or officer who is in default, or any other person, as the case may be, to rectify the default, wherever he considers fit.";

(ii) in sub-section (8), -

(a) in clause (i), for the words "does not pay the penalty imposed by the adjudicating officer or the Regional Director", the words, brackets and figures. "fails to comply with the order made under sub-section (3) or sub-section (7), as the case may be," shall be substituted;

PGB Updates

22/30-NOV-18

(b) in clause (ii), for the words "does not pay the penalty", the words, brackets and figures "fails to comply with the order made under sub-section (3) or sub-section (7), as the case may be," shall be substituted.

31. CHAPTER XXIX

Miscellaneous, Insertion of a new section 454A: Penalty for repeated default.

After section 454 of the principal Act, the following section shall be inserted, namely:-

"454A. Where a company or an officer of a company or any other person having already been subjected to penalty for default under any provisions of this Act, again commits such default within a period of three years from the date of order imposing such penalty passed by the adjudicating officer or the Regional Director, as the case may be, it or he shall be liable for the second or subsequent defaults for an amount equal to twice the amount of penalty provided for such default under the relevant provisions of this Act."

To view and print these PDF document, please follow below mentioned link:

[http://www.mca.gov.in/Ministry/pdf/NotificationCompanies\(Amendment\)Ordinance_05112018.pdf](http://www.mca.gov.in/Ministry/pdf/NotificationCompanies(Amendment)Ordinance_05112018.pdf)

02. MCA Rules, dated 13th November 2018

Subject: Companies (Registered Valuers and Valuation) Fourth Amendment Rules, 2018.

Brief note:

The Central Government hereby makes the following rules further to amend the Companies

(Registered Valuers and Valuation) Rules, 2017, namely:-

1. (1) These rules may be called the Companies (Registered Valuers and Valuation) Fourth Amendment Rules, 2018.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred to as "the said rules"), in rule 1,-

(a) for the marginal heading, the following marginal heading shall be substituted, namely:-

"Short title, commencement and application";

(b) after sub-rule (2), the following sub-rule shall be inserted, namely:-

"(3) These rules shall apply for valuation in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets or net worth of a company or its liabilities under the provision of the Act or these rules.

Explanation - It is hereby clarified that conduct of valuation under any other law other than the Act or these rules by any person shall not be affected by virtue of coming into effect of these rules."

3. In the said rules, in rule 3, in sub-rule (2), -

(a) in clause (a), the word "not" shall be omitted;

(b) in clause (c), after the brackets and letter "(e)", the brackets and letter "(f)," shall be inserted.

PGB Updates

22/30-NOV-18

In the said rules, in rule 4,-

(a) in clause (c), the words, brackets and letters "and having qualification mentioned at clause (a) or (b)" shall be omitted;

(b) in Explanation II, the words "and examination or training" shall be omitted;

(c) after Explanation II, the following Explanation shall be inserted, namely:-

"Explanation III - For the purposes of this rule and Annexure IV, equivalent' shall mean professional and technical qualifications which are recognised by the Ministry of Human Resources and Development as equivalent to professional and technical degree."

5. In the said rules, in rule 10, the words "and he may conduct valuation as per these rules if required under any other law or by any other regulatory authority" shall be omitted.

6. In the said rules, in rule 11, the Explanation shall be omitted.

7. In the said rules, in rule 12, in sub-rule(i), in clause (ii), for the words "a professional institute', the words "it is a professional institute" shall be substituted.

8. In the said rules, for Annexure IV, the new Annexure shall be substituted.

To view and print these PDF document, please follow below mentioned link:

http://www.mca.gov.in/Ministry/pdf/CompaniesRegisteredValuers4AmdtRules_13112018.pdf

03. MCA Rules, dated 13th November 2018

Subject: National Financial Reporting Authority Rules (NFRA) 2018

Brief note:

The Central Government hereby makes the following rules, namely:-

1. Short Title and commencement:-

(1) These rules may be called the National Financial Reporting Authority Rules' 2018

(2) They shall come into force on the date of their publication in the official Gazette

2. Definitions- (1) In these rules, unless the context otherwise requires-

(a) "accounting standards" means the accounting standards' as defined in clause (2) of section 2 of the Act;

(b) "Act" means the Companies Act, 2013 (18 of 2013);

(c) "auditing standards" means the 'auditing standards' as defined in clause (7) of section 2 of the Act;

(d) "auditor" means an individual or a firm including a limited liability partnership incorporated under the Limited Liability Partnership Act, 2003 (6 of 2009) or any other Act for the time being in force, who has been appointed as an auditor of a company or a body corporate under section 139 of the Act or under any other Act for the time being in force;

(e) "Authority" means the National Financial Reporting Authority constituted under sub-section (1) of section 132 of the Act;

PGB Updates

22/30-NOV-18

(f) "chairperson" means the chairperson of the Authority;

(g) "Division" means a division established by the Authority for the purpose of organising and carrying out its functions and duties;

(h) "Form" means the Form annexed to these Rules;

(i) "full-time member" means a member who has been appointed as such under sub-section (3) of section 132 of the Act;

(j) "part-time member" means a member of the Authority other than a fulltime member.

(2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. Classes of companies and bodies corporate governed by the Authority.-

(1) The Authority shall have power to monitor and enforce compliance with accounting standards and auditing standards, oversee the quality of service under sub-section (2) of section 132 or undertake investigation under sub-section (4) of such section of the auditors of the following class of companies and bodies corporate, namely:-

(a) companies whose securities are listed on any stock exchange in India or outside India;

(b) unlisted public companies having paid-up capital of not less than rupees five hundred crores or having annual turnover of not less than rupees one thousand crores or having, in aggregate, outstanding loans, debentures and deposits of not less than rupees five hundred

crores as on the 31st March of immediately preceding financial Year;

(c) insurance companies, banking companies, companies engaged in the generation or supply of electricity, companies governed by any special Act for the time being in force or bodies corporate incorporated by an Act in accordance with clauses (b), (c), (d), (e) and (f) of sub-section (4) of section 1 of the Act;

(d) any body corporate or company or person, or any class of bodies corporate or companies or persons, on a reference made to the Authority by the central Government in public interest, and

(e) a body corporate incorporated or registered outside India, which is a subsidiary or associate company of any company or body corporate incorporated or registered in India as referred to in clauses (a) to (d), if the income or net worth of such subsidiary or associate company exceeds twenty per cent of the consolidated income or consolidated net worth of such company or the body corporate, as the case may be, referred to in clauses (a) to (d).

(2) 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.

(3) Every body corporate, other than a company as defined in clause (20) of section 2, formed in India and governed under this rule shall, within fifteen days of appointment of an auditor under sub-section (1) of section 't39, inform the Authority in Form NFRA-1 , the particulars of the auditor appointed by such body corporate:

PGB Updates

22/30-NOV-18

Provided that a body corporate governed under clause (e) of sub-rule (1) shall provide details of appointment of its auditor in Form NFRA-1.

(4) A company or a body corporate other than a company governed under this rule shall continue to be governed by the Authority for a period of three years after it ceases to be listed or its paid-up capital or turnover or aggregate of loans, debentures and deposits falls below the limit stated therein

4. Functions and duties of the Authority.- (1) The Authority shall protect the public interest and the interests of investors, creditors and others associated with the companies or bodies corporate governed under rule 3 by establishing high quality standards of accounting and auditing and exercising effective oversight of accounting functions performed by the companies and bodies corporate and auditing functions performed by auditors.

(2) In particular, and without prejudice to the generality of the foregoing, the Authority shall:-

(a) maintain details of particulars of auditors appointed in the companies and bodies corporate specified in rule 3;

(b) recommend accounting standards and auditing standards for approval by the Central Government;

(c) monitor and enforce compliance with accounting standards and auditing standards;

(d) oversee the quality of service of the professions associated with ensuring compliance with such standards and suggest measures for improvement in the quality of service,

(e) promote awareness in relation to the compliance of accounting standards and auditing standards;

(f) co-operate with national and international organisations of independent audit regulators in establishing and overseeing adherence to accounting standards and auditing standards; and

(g) perform such other functions and duties as may be necessary or incidental to the aforesaid functions and duties.

(3) The Central Government may, by notification, and subject to such conditions, limitations and restrictions as may be specified therein delegate any of its powers or functions under the Act, other than the power to make rules, to the Authority.

5. Annual return - Every auditor referred to in rule 3 shall file a return with the Authority on or before 30th April every year in such form as may be specified by the Central Government.

6. Recommending accounting standards and auditing standards - (1) For the purpose of recommending accounting standards or auditing standards for approval by the Central Government, the Authority-

(a) shall receive recommendations from the Institute of Chartered Accountants of India on proposals for new accounting standards or auditing standards or for amendments to existing accounting standards or auditing standards;

(b) may seek additional information from the Institute of chartered Accountants of India on the recommendations received under clause (a), if required.

(2) The Authority shall consider the recommendations and additional information in such manner as it deems fit before making recommendations to the central Government.

7. Monitoring and enforcing compliance with accounting standards.- (1) For the purpose of monitoring and enforcing compliance with accounting standards under the Act by a company or a body corporate governed under rule 3, the Authority may review the financial statements of such company or body corporate, as the case may be, and if so required, direct such company or body corporate or its auditor by a written notice, to provide further information or explanation or any relevant documents relating to such company or body corporate, within such reasonable time as may be specified in the notice.

(2) The Authority may require the personal presence of the officers of the company or body corporate and its auditor for seeking additional information or explanation in connection with the review of the financial statements of such company or body corporate.

(3) The Authority shall publish its findings relating to non-compliances on its website and in such other manner as it considers fit, unless it has reasons not to do so in the public interest and it records the reasons in writing.

(4) Where the Authority finds or has reason to believe that any accounting standard has or may have been violated, it may decide on the further course of investigation or enforcement action through its concerned Division.

8. Monitoring and enforcing compliance with auditing standards.- (1) For the purpose of monitoring and enforcing compliance with

auditing standards under the Act by a company or a body corporate governed under rule 3, the Authority may: -

(a) review working papers (including audit plan and other audit documents) and communications related to the audit.

(b) evaluate the sufficiency of the quality control system of the auditor and the manner of documentation of the system by the auditor; and

(c) perform such other testing of the audit, supervisory, and quality control procedures of the auditor as may be considered necessary or appropriate.

(2) The Authority may require an auditor to report on its governance practices and internal processes designed to promote audit quality, protect its reputation and reduce risks including risk of failure of the auditor and may take such action on the report as may be necessary.

(3) The Authority may seek additional information or may require the personal presence of the auditor for seeking additional information or explanation in connection with the conduct of an audit.

(4) The Authority shall perform its monitoring and enforcement activities through its officers or experts with sufficient experience in audit of the relevant industry.

(5) The Authority shall publish its findings relating to non-compliances on its website and in such other manner as it considers fit, unless it has reasons not to do so in the public interest and it records the reasons in writing.

PGB Updates

22/30-NOV-18

(6) The Authority shall not publish proprietary or confidential information, unless it has reasons to do so in the public interest and it records the reasons in writing.

(7) The Authority may send a separate report containing proprietary or confidential information to the Central Government for its information.

(8) Where the Authority finds or has reason to believe that any law or professional or other standard has or may have been violated by an auditor, it may decide on the further course of investigation or enforcement action through its concerned Division.

9. Overseeing the quality of service and suggesting measures for improvement.-

(1) On the basis of its review, the Authority may direct an auditor to take measures for improvement of audit quality including changes in their audit processes, quality control, and audit reports and specify a detailed plan with time-limits.

(2) It shall be the duty of the auditor to make the required improvements and send a report to the Authority explaining how it has complied with the directions made by the Authority.

(3) The Authority shall monitor the improvements made by the auditor and take such action as it deems fit depending on the progress made by the auditor.

(4) The Authority may refer cases with regard to overseeing the quality of service of auditors of companies or bodies corporate referred to in rule 3 to the Quality Review Board constituted under the Chartered Accountants Act, 1949 (38 of 1949) or call for any report or information in

respect of such auditors or companies or bodies corporate from such Board as it may deem appropriate.

(5) The Authority may take the assistance of experts for its oversight and monitoring activities.

10. Power to investigate.- (1) Where the Authority has-

(a) received any reference from the Central Government for investigation into any matter of professional or other misconduct under sub-section (4) of section 132 of the Act;

(b) decided to undertake investigation into any matter on the basis of its compliance or oversight activities, or

(c) decided to undertake *suo motu* investigation into any matter of professional or other misconduct, after recording reasons in writing for this purpose, it shall forward the matter to its Division dealing with enforcement for carrying out investigation and other action.

(2) If, during the investigation, the Authority has evidence to believe that any company or body corporate has not complied with the requirements under the Act or rules which involves or may involve fraud amounting to rupees one crore or more, it shall report its findings to the Central Government.

(3) On the commencement of these rules-

(a) the action in respect of cases of professional or other misconduct against auditors of companies referred to in rule 3 shall be initiated by Authority and no other institute or body shall

PGB Updates

22/30-NOV-18

initiate any such proceedings against such auditors:

Provided that no other institute or body shall initiate or continue any proceedings in such matters of misconduct where the Authority has initiated an investigation under this rule;

(b) the action in respect of cases of professional or other misconduct against auditors of companies or bodies corporate other than those referred to in rule 3 shall continue to be proceeded with by the Institute of Chartered Accountants of India as per provisions of the chartered Accountants Act, 1949 and the regulations made thereunder.

11. Disciplinary proceedings.- (1) Based on the reference received from the central Government or findings of its monitoring or enforcement or oversight activities, or on the basis of material otherwise available on record, if the Authority believes that sufficient cause exists to take actions permissible under sub-section (4) of section 132, it shall refer the matter to the concerned division, which shall cause a show-cause notice to be issued to the auditor.

(2) The show-cause notice shall be in writing, and shall, inter alia, state-

(a) the provisions of the Act or rules under which it has been issued;

(b) the details of the alleged facts;

(c) the details of the evidence in support of the alleged facts;

(d) the provisions of the Act, rules or the accounting standards or auditing standards thereunder allegedly violated, or the manner in which the public interest is allegedly affected;

(e) the actions that the Authority proposes to take or the directions it proposes to issue if the allegations are established;

(f) the time limit and the manner in which the auditor is required to respond to the show-cause notice;

(g) the consequences of failure to respond to the show-cause notice; and

(h) the procedure to be followed for disposal of the show-cause notice.

(3) The show-cause notice shall enclose copies of documents relied upon and extracts of relevant portions from the report of investigation or other records.

(4) The show-cause notice shall be served on the auditor in the following manner, namely -

(a) by sending it to the auditor at the address provided by him or provided by the Institute of Chartered Accountants of India (if required by the Authority) by registered post with acknowledgement due; or

(b) by an appropriate electronic means to the email address of the auditor provided by him or it or provided by the Institute of chartered Accountants of India (if required by the Authority):

Provided that where the auditor is a firm –

(a) a notice to a firm shall be deemed to be a notice to all the partners or employees of that firm as on the date of service of notice;

(b) the notice shall call upon the firm to disclose the name or names of the partner or partners

concerned who shall be responsible for answering the allegations;

(c) the partner whose name is disclosed by the firm shall be responsible for answering the notice against the firm, and if no partner, whether erstwhile or present, of the firm owns responsibility for the allegations made against the firm, then the firm as a whole shall be responsible for answering the allegations, and all the partners and employees of that firm as on the date of occurrence of alleged misconduct, shall be responsible for answering the allegations.

(5) The Division shall dispose of the show-cause notice within a period of ninety days of the assignment through a summary procedure as may be specified by the Authority, by a reasoned order in adherence to the principles of natural justice including where necessary or appropriate an opportunity of being heard in person, and after considering the submissions, if any, made by the auditor, the relevant facts and circumstances, and the material on record.

(6) The order disposing of a show-cause notice may provide for-

- (a) no action;
- (b) caution;
- (c) action for imposing penalty against auditor under sub-clause (A) of clause (c) of sub-section (4) of section 132 or for debarring the auditor from engaging as such under sub-clause (B) of clause (c) of sub-section (4) of section 132 or both.

(7) The order passed under sub-rule (6) shall not become effective until thirty days have elapsed from the date of issue of the order unless the

Division states otherwise in the order along with the reason for the same.

(8) The order passed under sub-rule (6) shall be served on the auditor in the manner specified in sub-rule (3) and a copy of the same shall be sent (i) in all cases to - (a) the Central Government; and (b) the Institute of Chartered Accountants of India;

(ii) in the case of a company referred to in sub-section (5) of section 139 to the Comptroller and Auditor General of India;

(iii) in the case of a listed company to the Securities and Exchange Board of India;

(iv) in the case of a bank or a non-banking finance company to the Reserve Bank of India;

(v) in the case of an insurance company to the Insurance Regulatory and Development Authority of India;

(vi) in case the auditor is resident outside India to concerned regulator of such country; and the same shall be published on the website of the Authority.

12. Manner of enforcement of orders passed in disciplinary proceedings.-

(1) Where the order passed under rule 11 relates to imposition of a monetary penalty on any auditor, the auditor shall deposit the amount of penalty with the Authority within thirty days of the order:

Provided that where the auditor prefers an appeal against the order of the Authority, it shall deposit ten per cent. of the amount of the monetary penalty with the Appellate Tribunal.

PGB Updates

22/30-NOV-18

(2) If, within thirty days of the order passed under rule 11, the auditor neither pays the penalty nor appeals against the order, the Authority shall, without prejudice to any other action, inform about such non-compliance to every company or body corporate (including those not covered by rule 3) in which the auditor is functioning as auditor and every such company or body corporate shall appoint a new auditor in accordance with the provisions of the Act.

(3) Where the order passed under rule 11 imposes a penalty on the auditor or debar the auditor from practice, the order shall be sent to every company or body corporate in which the auditor is functioning as auditor.

(4) Where the order passed under rule 11 debar the auditor from practice or the order under sub-rule (2) is passed, the order shall be sent to every company or body corporate (including those not covered by rule 3) in which the auditor is functioning as auditor and every such company or body corporate shall appoint a new auditor in accordance with the provisions of the Act.

13. Punishment in case of non-compliance.- If a company or any officer of a company or an auditor or any other person contravenes any of the provisions of these rules, the company and every officer of the company who is in default or the auditor or such other person shall be punishable as per the provisions of section 450 of the Act.

14. Role of chairperson and full-time members.- All matters related to, investigation, monitoring, enforcement and disciplinary proceedings shall be examined and decided by the chairperson or any one or more of the full-time members, acting through one of the Divisions.

15. Advisory committees, study groups and task forces.- For the effective performance of its functions under the Act, the Authority may constitute advisory committees, study groups and task forces.

16. Financial reporting advocacy and education.- The Authority shall take suitable measures for the promotion of awareness and significance of accounting standards, auditing standards, auditors' responsibilities, audit quality and such other matters through education, training, seminars, workshops, conferences and publicity.

17. Confidentiality and security of information.- (1) The Authority and all persons and organisations associated with it shall maintain complete confidentiality and security of the information provided to them for the purpose of the work of the Authority.

(2) The Authority may enter into such contractual arrangements as may be necessary in order to maintain complete confidentiality and security of the information.

18. Avoidance of conflict of interest.- (1) The Authority shall not enter into any contract, arrangement or relationship or participate in any event that may, or is likely to be perceived to, interfere with its ability to perform its functions and duties in an effective, fair and reasonable manner

(2) In particular the Authority or any person associated with it shall not receive any funds, assets, donations, favours, gifts or sponsorships from any source other than the Central Government and shall not enter into any liabilities, obligations or commitments except as permitted by the Central Government.

PGB Updates

22/30-NOV-18

19. International associations and international assistance.-

(1) The Authority may become a member of regional or international associations of independent audit regulators and standard-setters on such terms as it deems fit.

(2) The Authority may provide assistance to, or receive assistance from, foreign independent audit regulators in investigation of an auditor in accordance with Indian laws on such terms as it deems fit.

To view and print these PDF document, please follow below mentioned link:

http://www.mca.gov.in/Ministry/pdf/NFRARules2018_13112018.pdf

04. SEBI Notification, dated 16th November 2018

Subject: Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) (Sixth Amendment) Regulations, 2018

Brief note:

In exercise of the powers conferred by section 11, sub-section (2) of section 11A and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with section 31 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, namely,-

1. These regulations may be called the Securities and Exchange Board of India (Listing Obligations

and Disclosure Requirements) (Sixth Amendment) Regulations, 2018.

2. These regulations shall come into force on the date of their publication in the Official Gazette.

3. In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, -

(i) in regulation 2, in sub-regulation (1), after clause (i) and before clause (j), the following clause shall be inserted, namely:

“(ia) “fugitive economic offender” shall mean an individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).”

(ii) in regulation 31, after sub-regulation (3), the following shall be inserted, namely:

“(4) All entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals where the specified securities of the entity are listed, in accordance with the formats specified by the Board.”

(iii) the existing regulation 31A shall be substituted with the following, namely.-

“Reg 31A. Conditions for re-classification of any person as promoter / public (1) For the purpose of this regulation:

(a) “promoter(s) seeking re-classification” shall mean all such promoters/persons belonging to the promoter group seeking reclassification of status as public.

(b) “persons related to the promoter(s) seeking re-classification” shall mean such persons with respect to that promoter(s) seeking re-

PGB Updates

22/30-NOV-18

classification who fall under sub-clauses (ii), (iii) and (iv) of clause (pp) of subregulation (1) of regulation 2 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

(2) Re-classification of the status of any person as a promoter or public shall be permitted by the stock exchanges only upon receipt of an application from the listed entity along with all relevant documents subject to compliance with conditions specified in these regulations;

Provided that in case of entities listed on more than one stock exchange, the concerned stock exchanges shall jointly decide on the application.

(3) Re-classification of status of a promoter/ person belonging to promoter group to public shall be permitted by the stock exchanges only upon satisfaction of the following conditions:

(a) an application for re-classification to the stock exchanges has been made by the listed entity consequent to the following procedures and not later than thirty days from the date of approval by shareholders in general meeting:

(i) the promoter(s) seeking re-classification shall make a request for re-classification to the listed entity which shall include rationale for seeking such re-classification and how the conditions specified in clause (b) below are satisfied;

(ii) the board of directors of the listed entity shall analyze the request and place the same before the shareholders in a general meeting for approval along with the views of the board of directors on the request:

Provided that there shall be a time gap of at least three months but not exceeding six months between the date of board meeting and the

shareholder's meeting considering the request of the promoter(s) seeking re-classification.

(iii) the request of the promoter(s) seeking re-classification shall be approved in the general meeting by an ordinary resolution in which the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not vote to approve such re-classification request.

(b) the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not:

(i) together, hold more than ten percent of the total voting rights in the listed entity;

(ii) exercise control over the affairs of the listed entity directly or indirectly;

(iii) have any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements;

(iv) be represented on the board of directors (including not having a nominee director) of the listed entity;

(v) act as a key managerial person in the listed entity;

(vi) be a 'wilful defaulter' as per the Reserve Bank of India Guidelines;

(vii) be a fugitive economic offender.

(c) the listed entity shall:

(i) be compliant with the requirement for minimum public shareholding as required under regulation 38 of these regulations;

(ii) not have trading in its shares suspended by the stock exchanges;

PGB Updates

22/30-NOV-18

(iii) not have any outstanding dues to the Board, the stock exchanges or the depositories.

(4) The promoter(s) seeking re-classification, subsequent to re-classification as public, shall comply with the following conditions:

(a) he shall continue to comply with conditions mentioned at sub-clauses

(i), (ii) and (iii) of clause (b) of sub-regulation 3 as specified above at all times from the date of such re-classification failing which, he shall automatically be reclassified as promoter/ persons belonging to promoter group, as applicable;

(b) he shall comply with conditions mentioned at sub-clauses (iv) and (v) of clause (b) of sub-regulation 3 for a period of not less than three years from the date of such re-classification failing which, he shall automatically be reclassified as promoter/ persons belonging to promoter group, as applicable.

(5) If any public shareholder seeks to re-classify itself as promoter, it shall be required to make an open offer in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(6) In case of transmission, succession, inheritance and gift of shares held by a promoter/ person belonging to the promoter group:

(a) immediately on such event, the recipient of such shares shall be classified as a promoter/ person belonging to the promoter group, as applicable.

(b) subsequently, in case the recipient classified as a promoter/person belonging to the promoter

group proposes to seek re-classification of status as public, it may do so subject to compliance with conditions specified in sub-regulation (3) above.

(c) in case of death of a promoter/person belonging to the promoter group, such person shall automatically cease to be included as a promoter/person belonging to the promoter group.

(7) A listed entity shall be considered as 'listed entity with no promoters' if due to re-classification or otherwise, the entity does not have any promoter;

(8) The following events shall deemed to be material events and shall be disclosed by the listed entity to the stock exchanges as soon as reasonably possible and not later than twenty four hours from the occurrence of the event:

(a) receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification;

(b) minutes of the board meeting considering such request which would include the views of the board on the request;

(c) submission of application for re-classification of status as promoter/public by the listed entity to the stock exchanges;

(d) decision of the stock exchanges on such application as communicated to the listed entity;

(9) The provisions of sub-regulations 3, 4 and clauses (a) and (b) of subregulation 8 of this regulation shall not apply, if re-classification of promoter(s)/ promoter group of the listed entity is as per the resolution plan approved under section 31 of the Insolvency Code, subject to the condition that such promoter(s) seeking re-

PGB Updates

22/30-NOV-18

classification shall not remain in control of the listed entity.”

(iv) the existing regulation 102, shall be re-numbered as sub-regulation (1) of regulation 102.

(v) in regulation 102, after sub-regulation (1), the following sub-regulations shall be inserted, namely;-

“(2) For seeking relaxation under sub-regulation (1), an application, giving details and the grounds on which such relaxation has been sought, shall be filed with the Board.

(3) The application referred to under sub-regulation (2) shall be accompanied by a non-refundable fee of rupees one lakh payable by way of direct credit in the bank account through NEFT/ RTGS/ IMPS or any other mode allowed by Reserve Bank of India or by way of a demand draft in favour of the Board payable in Mumbai.”

(vi) in Schedule V, in clause C, in sub-clause 10, after point (k), the following point shall be inserted, namely;-

“(l) disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year

b. number of complaints disposed of during the financial year

c. number of complaints pending as on end of the financial year”

(vii) in schedule VII, in clause C, in sub-clause (2), point (b) shall be substituted with the following, namely;-

“(b) where the securities are held in single name without a nominee, an affidavit from all legal heir(s) made on appropriate non judicial stamp paper, to the effect of identification and claim of legal ownership to the securities shall be required;

Provided that in case the legal heir(s)/claimant(s) is named in the succession certificate or probate of will or will or letter of administration, an affidavit from such legal heir(s) / claimant(s) alone would be sufficient.

Provided further that:

(i) for value of securities, threshold limit of up to rupees two lakh only, per listed entity, as on date of application, a succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925 may be submitted :

Provided that in the absence of such documents, the following documents may be submitted:

1. no objection certificate from all legal heir(s) who do not object to such transmission or copy of family settlement deed duly notarized and executed by all the legal heirs of the deceased holder;

2. an indemnity bond made on appropriate non judicial stamp paper, indemnifying the Share Transfer Agent / listed entity;

(ii) for value of securities, more than rupees two lakh, per listed entity, as on date of application, a succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925 shall be submitted;

PGB Updates

22/30-NOV-18

(iii) the listed entity however, at its discretion, may enhance value of securities, threshold limit, of rupees two lakh.”

To view and print these PDF document, please follow below mentioned link:

https://www.sebi.gov.in/sebi_data/attachdocs/nov-2018/1542886228040.pdf

05. SEBI Notification, dated 19th November 2018

Subject: Disclosure of reasons for delay in submission of financial results by listed entities

Brief note:

1. Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), inter-alia, specifies timelines for submission of financial results by listed entities. Accordingly, the quarterly and annual financial results are to be submitted by listed entities to stock exchanges within forty-five/sixty days from the end of the quarter/financial year. It is expected that the listed entities shall adhere to the aforesaid timelines for submission of financial results.

2. In case of non-compliance of various provisions of the Listing Regulations including non-submission / delayed submission of financial results, SEBI has prescribed a standard operating procedure (providing for levy of penalties, freezing of promoter shareholding, suspension of trading ,etc.) through certain circulars, the latest being the circular dated May 3, 2018. Such penalties, freezing of promoter shareholding, etc. act as deterrents for listed

entities to delay disclosure of their financial results.

3. Nevertheless, wherever there were delays in submission of financial results by certain listed entities to the stock exchanges in the past, while the fact of delay was intimated by the listed entity, the reasons for the same were not disclosed / were not brought out clearly. In such cases, the investors were often left unaware as to the reasons for such delays which may have had an impact on their investment decision. Hence, a need for disclosure by listed entities of reasons for delay in submission of financial results arises.

4. Accordingly, 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.

5. The Stock Exchanges are advised to bring the provisions of this circular to notice of the listed entities and also to disseminate it on their websites.

6. This circular shall come into force with immediate effect.

7. The circular is issued in exercise of the powers conferred under sections 11 and 11A of the Securities and Exchange Board of India Act, 1992 read with regulations 33 and 101 of the Listing Regulations.

PGB Updates

22/30-NOV-18

To view and print these PDF document, please follow below mentioned link:

https://www.sebi.gov.in/legal/circulars/nov-2018/disclosure-of-reasons-for-delay-in-submission-of-financial-results-by-listed-entities_41040.html

06. SEBI Notification, dated 26th November 2018

Subject: Fund raising by issuance of Debt Securities by Large Entities

Brief note:

1. With a view to operationalising the Union Budget announcement for 2018-19, which, inter-alia, stated "SEBI will also consider mandating, beginning with large entities, to meet about one-fourth of their financing needs from the debt market", SEBI came out with a discussion paper on July 20, 2018. Based on feedback received on the discussion paper and wider consultation with market participants including entities, the detailed guidelines for operationalising the above budget announcement are given below.

2. Applicability of Framework

2.1. 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.

Explanation: The term 'Financial Year' (FY) here would imply April- March or January-December, as may be followed by an entity. Thus, FY 2020 shall mean April 01, 2019 - March 31, 2020 or January 01, 2020 - December 31, 2020, as the case may be.

2.2. The framework shall be applicable for all listed entities (except for Scheduled Commercial Banks), which as on last day of the FY (i.e. March 31 or December 31):

i. have their specified securities or debt securities or non-convertible redeemable preference share, listed on a recognised stock exchange(s)

in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

ii. have an outstanding long term borrowing of Rs 100 crores or above, where outstanding long-term borrowings shall mean any outstanding borrowing with original maturity of more than 1 year and shall exclude external commercial borrowings and inter-corporate borrowings between a parent and subsidiary(ies); and

iii. have a credit rating of "AA and above", where credit rating shall be of the unsupported bank borrowing or plain vanilla bonds of an entity, which have no structuring/ support built in; and in case, where an issuer has multiple ratings from multiple rating agencies, highest of such rating shall be considered for the purpose of applicability of this framework.

3. Framework

3.1. A listed entity, fulfilling the criteria as specified at para 2.2 above, shall be considered as a "Large Corporate" (LC) and such a LC shall raise not less than 25% of its incremental borrowings, during the financial year subsequent to the financial year in which it is identified as a LC, by way of issuance of debt securities, as defined under SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (hereinafter "ILDS Regulations").

PGB Updates

22/30-NOV-18

Explanation: For the purposes of this circular, the expression "incremental borrowings" shall mean any borrowing done during a particular financial year, of original maturity of more than 1 year, irrespective of whether such borrowing is for refinancing/repayment of existing debt or otherwise and shall exclude external commercial borrowings and inter-corporate borrowings between a parent and subsidiary(ies).

3.2.For an entity identified as a LC, the following shall be applicable:

i. For FY 2020 and 2021, the requirement of meeting the incremental borrowing norms shall be applicable on an annual basis. Accordingly, a listed entity identified as a LC on last day of FY 2019 and FY 2020, shall comply with the requirement as laid down under para 3.1, by last day of FY 2020 and FY 2021, respectively.

Provided that in case where a LC is unable to comply with the above requirement, it shall provide an explanation for such shortfall to the Stock Exchanges, in the manner as prescribed at para 4.

ii. From FY 2022, the requirement of mandatory incremental borrowing by a LC in a FY will need to be met over a contiguous block of two years. Accordingly, a listed entity identified as a LC, as on last day of FY "T-1", shall have to fulfil the requirement of incremental borrowing for FY "T", over FY "T" and "T+1".

However, if at the end of two years i.e. last day of FY "T+1", there is a shortfall in the requisite borrowing (i.e. the actual borrowing through debt securities is less than 25% of the incremental borrowings for FY "T"), a monetary penalty/fine of 0.2% of the shortfall in the borrowed amount shall be levied and the same shall be paid to the Stock Exchange(s).

4. Disclosure requirements for large entities

4.1.A listed entity, identified as a LC under the instant framework, shall make the following disclosures to the stock exchanges, where its security(ies) are listed:

i. Within 30 days from the beginning of the FY, disclose the fact that they are identified as a LC, in the format as provided at Annexure A in the notification.

ii. Within 45 days of the end of the FY, the details of the incremental borrowings done during the FY, in the formats as provided at Annexure B1 and B2 in the notification.

4.2.The disclosures made in terms of para 4.1 shall be certified both by the Company Secretary and the Chief Financial Officer, of the LC.

4.3.Further, the disclosures made in terms of para 4.1 shall also form part of audited annual financial results of the entity.

4.4.The details of the framework as mentioned under para 3 and disclosure requirements as mentioned under para 4.1, are illustrated in Annexure C in the notification.

5. Responsibilities of Stock Exchanges

5.1.The Stock Exchange(s) shall collate the information about the LC, disclosed on their platform, and shall submit the same to the Board within 14 days of the last date of submission of annual financial results.

5.2.In the event of a short fall in the requisite borrowing, the Stock Exchanges shall collect the fine as mentioned at para 3.2(ii). The fine so collected shall be remitted by the stock exchanges to SEBI IPEF fund within 10 days from the end of the month in which the fine was collected.

PGB Updates

22/30-NOV-18

6. This Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with regulation 101(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and under the drop down "Corp Debt Market".

To view and print these PDF document, please follow below mentioned link:

https://www.sebi.gov.in/legal/circulars/nov-2018/fund-raising-by-issuance-of-debt-securities-by-large-entities_41071.html

07. ICAI Notification, dated 27th November 2018

Subject: Standards on Internal Audit (SIAs) as issued by the Institute of Chartered Accountants of India

Brief note:

Following new Standards on Internal Audit (SIAs) are issued by the Institute of Chartered Accountants of India

1. Preface to the Framework and Standards on Internal Audit
2. Framework Governing Internal Audits
3. Basic Principles of Internal Audit
4. Standard on Internal Audit (SIA) 210, Managing the Internal Audit Function
5. Standard on Internal Audit (SIA) 220, Conducting Overall Internal Audit Planning

6. Standard on Internal Audit (SIA) 310, Planning the Internal Audit Assignment

7. Standard on Internal Audit (SIA) 320, Internal Audit Evidence

8. Standard on Internal Audit (SIA) 330, Internal Audit Documentation

To view and print these PDF document, please follow below mentioned link:

https://www.icaai.org/new_post.html?post_id=597

08. CBDT Press Release dated 2nd November 2018

Subject: Indian Advance Pricing Agreement regime moves forward with signing of more UAPAs and BAPAs by CBDT

Brief note:

The Central Board of Direct Taxes (CBDT) has entered into 5 more Unilateral Advance Pricing Agreements (UAPAs) and 1 Bilateral APA during the month of October, 2018. Further, the CBDT had also entered into 3 UAPAs and 3 BAPAs in the months of August and September, 2018. With the signing of these Agreements, the total number of APAs entered into by the CBDT has gone up to 244, which includes 220 UAPAs and 24 BAPAs. It is noteworthy that one of the UAPAs signed in October is a renewal application and the same has been concluded in a time span of only 7 months.

The BAPAs entered into during the last three months were with the following treaty partners:-

- Australia - 2
- Switzerland - 2

PGB Updates

22/30-NOV-18

The BAPAs and UAPAs entered into during the last three months pertain to various sectors and sub-sectors of the economy like publishing, production of electronic goods, automobile ancillary manufacturing, banking, IT/ITeS, textiles, telecommunications, food & beverages, etc.

The international transactions covered in all these agreements, inter alia, include the following, -

- provision of software development services
- provision of back office (ITeS) support services
- export/import of raw materials, journals, etc
- payment of royalty
- advertising, marketing and sales promotion (AMP) expenses incurred
- provision of marketing support services
- distribution of finished goods
- corporate management and business support services
- payment of guarantee fee

The progress of the APA scheme strengthens the Government's resolve of fostering a non-discriminatory tax regime. The Indian APA programme has been appreciated nationally and internationally for being able to address complex transfer pricing issues in a fair and transparent manner.

To view and print these PDF document, please follow below mentioned link:

<https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/737/Press-Release-Indian-Advance-Pricing-Agreement-regime-moves-forward-2-11-2018.pdf>

09. CBDT Press Release dated 26th November 2018

Subject: Protocol amending India-China DTAA

Brief note:

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.

Besides other changes, 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.

To view and print these PDF document, please follow below mentioned link:

<https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/738/Press-Release-Protocol-amending-India-China-DTAA-26-11-2018.pdf>

PGB Updates

22/30-NOV-18

10. Central Tax Notification 61, dated 5th November 2018

Subject: Seeks to exempt supply from PSU to PSU from applicability of provisions relating to TDS.

Brief note:

The Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance, Department of Revenue No. 50/2018-Central Tax, dated the 13th September, 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i) vide number G.S.R 868(E), dated the 13th September, 2018, namely:-

In the said notification, after the proviso, the following proviso shall be inserted, namely:-

“Provided further that nothing in this notification shall apply to the supply of goods or services or both from a public sector undertaking to another public sector undertaking, whether or not a distinct person, with effect from the 1st day of October, 2018.” .

To view and print these PDF document, please follow below mentioned link:

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-61-central-tax-english-2018.pdf;jsessionid=428EF3089C3C81C45FB01B87911FD2B7>

11. Central Tax Notification 62, dated 29th November 2018

Subject: Seeks to extend the last date for filing of FORM GSTR-3B for taxpayers in Srikakulam district of Andhra Pradesh and 11 districts of Tamil Nadu.

Brief note:

The Commissioner, on the recommendations of the Council, hereby makes the following further amendments in notification number 34/2018 – Central Tax, dated the 10th August, 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.761(E), dated the 10th August, 2018, namely:-

In the said notification, in the first paragraph, after the fourth proviso, the following provisos shall be inserted, namely: –

“Provided also that the return in FORM GSTR-3B of the said rules for the month of September, 2018 and October, 2018 for registered persons whose principal place of business is in Srikakulam district in the State of Andhra Pradesh shall be furnished electronically through the common portal, on or before the 30th November, 2018:

Provided also that the return in FORM GSTR-3B of the said rules for the month of October, 2018 for registered persons whose principal place of business is in Cuddalore, Thiruvarur, Pudukottai, Dindigul, Nagapatinam, Theni, Thanjavur, Sivagangai, Tiruchirappalli, Karur and Ramanathapuram in the State of Tamil Nadu shall be furnished electronically through the common portal, on or before the 20th December, 2018.”.

PGB Updates

22/30-NOV-18

To view and print these PDF document, please follow below mentioned link:

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-62-central-tax-english-2018.pdf;jsessionid=C347E5CBEDD01995B185CF6B2620C958>

12. Central Tax Notification 63, dated 29th November 2018

Subject: Seeks to extend the due date for filing of FORM GSTR - 1 for taxpayers having aggregate turnover above Rs 1.5 crores for taxpayers in Srikakulam district in Andhra Pradesh and 11 districts of Tamil Nadu.

Brief note:

The Commissioner, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 44/2018- Central Tax, dated the 10th September, 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) vide number G.S.R. 855(E), dated the 10th September, 2018, namely:—

In the said notification, in the first paragraph, after the first proviso, the following provisos shall be inserted, namely:—

“Provided further that the details of outward supply of goods or services or both in FORM GSTR-1 of the Central Goods and Services Tax Rules, 2017 for the month of September, 2018 for registered persons whose principal place of business is in Srikakulam district in the State of Andhra Pradesh shall be furnished electronically

through the common portal, on or before the 30th November, 2018:

Provided also that the details of outward supply of goods or services or both in FORM GSTR-1 of the Central Goods and Services Tax Rules, 2017 for the month of October, 2018 for registered persons whose principal place of business is in Srikakulam district in the State of Andhra Pradesh shall be furnished electronically through the common portal, on or before the 30th November, 2018:

Provided also that the details of outward supply of goods or services or both in FORM GSTR-1 of the Central Goods and Services Tax Rules, 2017 for the month of October, 2018 for registered persons whose principal place of business is in in Cuddalore, Thiruvarur, Pudukottai, Dindigul, Nagapatinam, Theni, Thanjavur, Sivagangai, Tiruchirappalli, Karur and Ramanathapuram in the State of Tamil Nadu shall be furnished electronically through the common portal, on or before the 20th December, 2018.”.

To view and print these PDF document, please follow below mentioned link:

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-63-central-tax-english-2018.pdf;jsessionid=01D7AEF34C2E1D77CCDD91B5B471076>

PGB Updates

22/30-NOV-18

13. Central Tax Notification 64, dated 29th November 2018

Subject: Seeks to extend the due date for filing of FORM GSTR - 1 for taxpayers having aggregate turnover up to Rs 1.5 crores for the quarter from July, 2018 to September, 2018 for taxpayers in Srikakulam district of Andhra Pradesh.

Brief note:

The Central Government, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 43/2018-Central Tax, dated the 10th September, 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i) vide number G.S.R. 854(E), dated the 10th September, 2018, namely:—

In the said notification, in paragraph 2, after the second proviso, the following proviso shall be inserted, namely: –

“Provided further that the details of outward supply of goods or services or both in FORM GSTR-1 of the Central Goods and Services Tax Rules, 2017 for the quarter from July, 2018 to September, 2018 for registered persons whose principal place of business is in Srikakulam district in the State of Andhra Pradesh shall be furnished electronically through the common portal, on or before the 30th November, 2018.”.

To view and print these PDF document, please follow below mentioned link:

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-64-central-tax-english-2018.pdf;jsessionid=338BA2FFF49BE6A336F3A3878268DA3B>

14. Central Tax Notification 65, dated 29th November 2018

Subject: Seeks to extend the due date for filing of FORM GSTR - 4 for the quarter July to September, 2018 for taxpayers in Srikakulam district of Andhra Pradesh.

Brief note:

The Commissioner hereby extends the time limit for furnishing the return in FORM GSTR-4 of the Central Goods and Services Tax Rules, 2017 for the quarter July to September, 2018 under sub-section (2) of section 39 of the said Act read with rule 62 of the Central Goods and Services Tax Rules, 2017 by a registered person paying tax under the provisions of section 10 of the said Act whose principal place of business is in Srikakulam district in the State of Andhra Pradesh, till the 30th day of November, 2018.

To view and print these PDF document, please follow below mentioned link:

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-65-central-tax-english-2018.pdf>

15. Central Tax Notification 66, dated 29th November 2018

Subject: Seeks to extend the due date for filing of FORM GSTR – 7 for the months of October, 2018 to December, 2018

Brief note:

The Commissioner hereby extends the time limit for furnishing the return by a registered person required to deduct tax at source under the provisions of section 51 of the said Act in FORM GSTR-7 of the Central Goods and Services Tax Rules, 2017 under sub-section (3) of section 39

PGB Updates

22/30-NOV-18

of the said Act read with rule 66 of the Central Goods and Services Tax Rules, 2017 for the months of October, 2018 to December, 2018 till the 31st day of January, 2019.

To view and print these PDF document, please follow below mentioned link:

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-66-central-tax-english-2018.pdf;jsessionid=F4812769154C6A3FEE1742C323B08793>

➤ If you have any questions, please write to updates@pgbhagwatca.com

➤ If you do not want such updates, please email to updates@pgbhagwatca.com.

Disclaimer:

This information is brief summary of the updates & does not contains any official/ standard view of M/s P.G. Bhagwat, Chartered Accountants. Further M/s P. G. Bhagwat, Chartered Accountants is not responsible for any kind of loss arising due to use of this information.