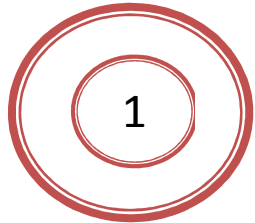


**WEEKLY UPDATES ON COMPANY LAW, SEBI AND RBI**

**Week 49 –December 03 to December 09, 2018**

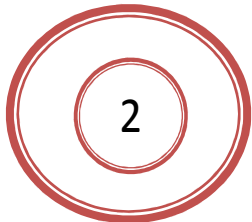


**Companies Act 2013 during the week**

**Rules - 0; Circulars - 0; Notifications – 1; Orders- 0; Important Notices - 1**

S.No	Date of Issue	Rules/Circular/ Notification/order	Contents thereof	Gist thereof
1	03.12.2018	Notification	Companies (cost records and audit) Amendment Rules, 2018	Among the minor substitutions made by MCA in the act, Companies may now file CRA-4 within resultant extended period of filing financial statements under section 137 of Companies Act, 2013 provided that the company has got extension of time of holding of AGM under section 96(1) of the Companies Act,2013.
2	-	Important Notices		Forms INC-20, MSC-1, MGT-3, INC-5, FC-1, FC-2, FC-3, STK-2, 23D, MGT-14, 23ACA-XBRL, CG-1, Form 66 and DIR-5 are likely to be revised on MCA21 Company Forms Download page w.e.f 6th December, 2018.

				Stakeholders are advised to check the latest version before filing.
--	--	--	--	---



### SEBI during the week

**Act -0; Rules -0; Regulations-2; General Orders – 0; Guidelines- 0;  
Master Circulars-; Circulars – 3; Press Release –2; Others - 1**

S. No	Date of Issue	Act/rules/circulars..	Subject & Link	Gist thereof
1	07.12.2018	Circular	Disclosure of significant beneficial ownership in the shareholding pattern	All listed entities shall disclose details pertaining to significant beneficial owners in the format prescribed at Annexure of the circular.
2	07.12.2018	Circular	Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporations and Depositories	SEBI has decided that Market Infrastructure Institutions (MIIs) shall have a Cyber Security Operation Center (C-SOC) that would be a 24x7x365 set-up manned by dedicated security analysts to identify, respond, respond, recover and protect from cyber security incidents.

3.	03.12.2018	Circular	Cyber Security & Cyber Resilience framework for Stock Brokers / Depository Participants	<p>As part of the operational risk management framework to manage risk to systems, networks and databases from cyber-attacks and threats, <b>Stock Brokers / Depository Participants</b> should formulate a comprehensive Cyber Security and Cyber Resilience policy document encompassing the framework mentioned in the circular.</p> <p>In case of deviations from the suggested framework, reasons for such deviations, technical or otherwise, should be provided in the policy document. The policy document should be approved by the Board / Partners / Proprietor of the Stock Broker / Depository Participants. The policy document should be reviewed by the aforementioned group at least annually with the view to strengthen and improve its Cyber Security and Cyber Resilience framework.</p> <p>The guidelines annexed with the circular shall be effective from April 1, 2019.</p>
4.	06.12.2018	Regulation	Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2018	<p>Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2018 shall come into force on the date of their publication in the Official Gazette.</p> <p>In the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996,</p> <p>a. in regulation 7B, after sub-regulation (3), the</p>

				<p>following proviso shall be inserted, namely, -</p> <p>“Provided that in the event of a merger, acquisition, scheme of arrangement or any other arrangement involving the sponsors of the mutual funds, shareholders of the asset management companies or trustee companies, their associates or group companies which results in the incidental acquisition of shares, voting rights or representation on the board of the asset management companies or trustee companies, this regulation shall be complied with within a period of one year of coming into force of such an arrangement.”</p>
5.	03.12.2018	Regulation	Securities and Exchange Board of India (Settlement proceeding ) Regulations, 2018	Securities and Exchange Board of India (Settlement proceeding) Regulations, 2018 shall come into force on the 1 <sup>st</sup> day of January 2019.
6.	04.12.2018	Press Release	Submission of Report of the Expert Committee for listing of equity shares of companies incorporated in India on foreign stock exchanges and vice versa	<p>The committee submitted its report to SEBI on December 4, 2018. A copy of the report can be found at the following link:</p> <p><a href="https://www.sebi.gov.in/reports/reports/dec-2018/report-of-the-expert-committee-for-listing-of-equity-shares-of-companies-incorporated-in-india-on-foreign-stock-exchanges-and-of-companies-incorporated-outside-india-on-indian-stock-exchange_41219.html">https://www.sebi.gov.in/reports/reports/dec-2018/report-of-the-expert-committee-for-listing-of-equity-shares-of-companies-incorporated-in-india-on-foreign-stock-exchanges-and-of-companies-incorporated-outside-india-on-indian-stock-exchange_41219.html</a></p>

7.	03.12.2018	Press Release	Transfer of securities only in demat form- Deadline extended till April 1, 2019	SEBI decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed, unless the securities are held in the dematerialized form with a depository. The deadline for requirement of transfer of securities only in demat form stands extended to April 1, 2019.
8.	06.12.2018	Others		Markets regulator SEBI has proposed a framework for warehouse companies and other allied service providers engaged in non-agricultural goods, a move which will help in improving the delivery and settlement mechanism.



**RBI during the week**

**Notifications -1; Master Directions –0; Master Circulars – 0; Circular - 0;**

**Press Release – 0; Others - 0**

S.No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	05.12.2018	Notification	Guidelines on Loan System for Delivery of Bank Credit	<p>Guidelines have been provided under the following:</p> <ol style="list-style-type: none"> <li>1. Minimum level of 'loan component' and effective date: In respect of borrowers having aggregate fund based working capital limit of 1500 million and above from the banking system, a minimum level of 'loan component' of 40 percent shall be effective from April 1, 2019. Working examples for bifurcation of working capital limit are provided in Appendix I of the notification.</li> </ol>

				<p>2. Sharing of working capital finance: The ground rules for sharing of cash credit and loan components may be laid down by the consortium, wherever formed, subject to guidelines on bifurcation as stated in paragraph 1 above.</p> <p>3. Amount and tenor of the loan: This may be fixed by banks in consultation with the borrowers, subject to the tenor being not less than seven days.</p> <p>4. Repayment/Renewal/Rollover of loan component: Banks/consortia/syndicates will have the discretion to stipulate repayment of the WCLs in instalments or by way of a "bullet" repayment, banks may consider rollover of the WCLs at the request of the borrower, subject to compliance with the extant IRAC norms.</p> <p>5. Risk weights for undrawn portion of cash credit limits: The said limits sanctioned to the large</p>
--	--	--	--	--

				<p>borrowers, irrespective of whether unconditionally cancellable or not, shall attract a credit conversion factor of 20 percent.</p> <p>The guidelines will be effective from April 1, 2019 covering both existing as well as new relationships. The 40 percent loan component will be revised to 60 percent, with effect from July 1, 2019.</p>
--	--	--	--	---

S. No.	GENERAL IMPORTANT NOTICES
1	Exposure Draft of Guidance Note on Reports in Company Prospectuses (Revised 2018) issued by the Auditing and Assurance Standards Board dated 06 <sup>th</sup> December, 2018
2	Revised Implementation Guide to SA 230, "Audit Documentation" issued by the Auditing and Assurance Standards Board dated 04 <sup>th</sup> December, 2018
3	Exposure Draft of SASE 200, " Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing for Audits of Smaller and Less Complex Entities" for Comments dated 03 <sup>rd</sup> December, 2018
4	The Reserve Bank of India's recent relaxation in securitisation guideline is likely to release Rs 60,000 crore of portfolio available for securitisation, industry estimate shows. RBI has reduced the holding period from 12 months to 6 months for loans having original maturity of 5 years and more. The move is likely to benefit housing finance NSE 0.76 % companies and non-banking finance companies engaged in loan against property and home loans where the loan tenor is more than 5 years.
5	The number of NCLT members will be raised to 60 from 32 and while the new members would be mostly hired for NCLT



	benches in Delhi and Mumbai, which see the highest traffic, the person cited above said.
6	<p>The task of tracking the web and pyramid of IL&amp;FS investments is proving to be a Herculean task due to the opaque nature of foreign exposure in some 350 firms set up by a core group of 12 companies. The information provided by the new management of IL&amp;FS to the finance standing committee of Parliament points to cumulative losses of more than Rs 90,000 crore. Company officials said they hoped to reduce losses by Rs 100 crore in one year.</p> <p>The Uday Kotak-led board of Infrastructure Leasing and Financial Services (IL&amp;FS) had informed the National Company Law Tribunal (NCLT) Monday that a single group-level resolution for the crisis and the Rs 91,000 crore debt seems tough and it will focus on vertical as well as asset-level resolution. Through the group-level resolution, the board was looking at a significant capital infusion from strong investors. "Based on an outreach conducted by the FTA, the initial assessment seems to indicate that currently, the group-level resolution option is unlikely to materialise," the board said in its second report on progress and way forward submitted to the NCLT.</p> <p>The board is engaging with financial and transaction advisors (FTAs) to assess the vertical and asset-level resolution options considering general economic and market conditions, market interest, maximisation of value and speed of execution, transaction-certainty and stakeholder engagement. It has appointed Arpwood Capital Private and JM Financial Services as (FTAs). While vertical-level resolution could involve exploring solutions involving all assets/companies/SPVs comprising a specific business vertical, on a combined basis, asset-level resolution would include asset-by-asset solution through capital infusion or asset monetisation.</p> <p>"The board of directors of the company by resolutions passed by circulation on December 6, 2018, have approved the appointment of Nand Kishore and Kaushik Modak as additional directors, in the capacity of nominee directors of Infrastructure Leasing &amp; Financial Service Ltd on the board of directors of the company," IL&amp;FS Investment Managers said in a regulatory filing.</p> <p>"Four PE investors have shown initial interest in the assets and we are talking to them... they will carry out due diligence and bids will be invited soon," said one person involved in the process. The newly appointed board of IL&amp;FS, headed by Uday Kotak, put the renewable energy assets on the block on November 29 as part of a plan to raise funds and repay lenders. IL&amp;FS owes about Rs 91,000 crore to local lenders and mutual funds.</p>

S. No.	GENERAL IMPORTANT RULINGS
1.	In mid-November, a Mumbai bench of the Income Tax Appellate Tribunal said conversion of a company into LLP is covered by the definition of ‘transfer’ and therefore liable to capital gains tax. The decision puts a question mark on an earlier Bombay High Court decision that the conversion of a partnership firm into company does not amount to ‘transfer’ and involves no ‘consideration.’
2.	The National Companies Law Tribunal passed an interim order asking nine directors of debt ridden Infrastructure Leasing & Financial Services (IL&FS) to disclose details of their movable and immovable assets, bank account, jointly held assets in next three weeks.
3.	The National Company Law Tribunal (NCLT) dismissed HDFC Ltd's insolvency plea against RHC Holding, observing that the non-banking financial company does not come under the purview of the IBC Code.
4.	The National Company Law Tribunal has ordered the withdrawal of London-based Liberty House Group’s resolution plan for Amtek Auto subsidiary ARGL, calling its approach “casual” after it refused to pay a performance bank guarantee.



Flat No.7, Door No.10 Madhans,  
South Canal Bank Road,  
Mandavelipakkam Chennai 600028.

[mail@akshayamcorporate.com](mailto:mail@akshayamcorporate.com)  
[www.akshayamcorporate.com](http://www.akshayamcorporate.com); Land Line: 044-43533080

*The Information Contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity. The views expressed here are solely those of the author in his private capacity.*