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## Newsletter for September, 2015 By Amita Desai & Co.



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## MCA UPDATES:

### **A. Extension of time for filing of Cost Audit Report.**

- The MCA vide Circular No. 12 dated September 1, 2015 has extended the time of filing of cost audit report to the Central Government for the F.Y. 2014-2015 in **Form CRA-4 upto September 30, 2015.**
- The link of the Circular is as follows:  
[http://www.mca.gov.in/Ministry/pdf/General\\_Circular\\_12\\_2015.pdf](http://www.mca.gov.in/Ministry/pdf/General_Circular_12_2015.pdf)

### **B. Company (Accounts) Second Amendment Rules 2015.**

- The MCA vide notification dated September 4, 2015 has issued the Company (Accounts) Second Amendment Rules 2015.
- The following were the amendments inserted in the Companies (Accounts) Rules, 2014:

1. In rule 2, in sub-rule (1), after clause (d) definition of “Indian Accounting standards” has been inserted as clause (da):

“(da) “Indian Accounting Standards” means the Indian Accounting Standards referred to in rule 3 and Annexure to the Companies (Indian Accounting Standards) Rules, 2015;”

2. After Rule 4, Rule 4(A) is inserted as:

#### **“4A. Forms and items contained in financial statements.-**

The financial statements shall be in the form specified in Schedule III to the Act and comply with Accounting Standards or Indian Accounting Standards as applicable:

Provided that the items contained in the financial statements shall be prepared in accordance with the definitions and other requirements specified in the Accounting Standards or the Indian Accounting Standards, as the case may be.”

3. Rule 8, in sub-rule (3), the following proviso was inserted at the end, namely:-

“Provided that the requirement of furnishing information and details under this sub-rule shall not apply to a Government company engaged in producing defence equipment.”
  4. In rule 12, for sub-rule (1) the following sub-rule (1) shall be substituted, namely:-

“(1) Every company shall file the financial statements with Registrar together with Form AOC-4 and the consolidated financial statement, if any, with Form AOC-4 CFS.”
  5. The Formats of AOC-4 and AOC-4 CFS was also given in the notification.
- The link of the Notification is as follows:  
[http://www.mca.gov.in/Ministry/pdf/Rules\\_09072015.pdf](http://www.mca.gov.in/Ministry/pdf/Rules_09072015.pdf)

### **C. Exemption to Government Companies producing Defence Equipments under Schedule III.**

- The MCA vide notification dated September 4, 2015 has provided exemption to the Government Companies who are engaged in the business of producing defence equipments.
- As per the exemption granted the Additional Information of the General Instructions for preparation of Statement of Profit and Loss in Schedule III of the Companies Act, 2013 will not apply to Government Companies producing Defence Equipment including the Space Research subject to fulfilment of the following conditions, namely:-
- Conditions:**
- A. The Board of Directors of the Company should give consent with regard to non disclosure of information relating to paras 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(e), 5(iii), 5(viii)(a), 5(viii)(b), 5(viii)(c) and 5(viii)(e), as may be applicable;
  - B. The Company shall disclose in the Notes forming part of the balance sheet and profit and loss account, the fact of grant of exemption under this notification;
  - C. The company shall comply with the prescribed Accounting Standards;
  - D. The company shall ensure that its financial statements represent a true and fair state of affairs of its finances; and
  - E. The company shall maintain and file such information as may be prescribed or called for or required by the Government or the Reserve Bank of India or any other regulator.
- The MCA further clarified that this notification shall be applicable in respect of financial statement prepared in respect of the financial years ending on or after the **31<sup>st</sup> March 2016.**
- The link of the Notification is as follows:  
[http://www.mca.gov.in/Ministry/pdf/Notification\\_07092015\\_1.pdf](http://www.mca.gov.in/Ministry/pdf/Notification_07092015_1.pdf)

## **D. Amendment in Schedule III of the Companies Act, 2013.**

➤ The Ministry of Corporate Affairs vide notification No. G.S.R. 679(E) dated 4th September, 2015 has issued alterations in Schedule III.

➤ In Schedule III, in Part I- Balance Sheet,-

1. Under the heading "**Equity and Liabilities**", in para (4), for, "(b) Trade payables" the following shall be substituted, namely:-

**"(b) Trade Payables:-**

(A) Total outstanding dues of micro enterprises and small enterprises; and

(B) Total outstanding dues of creditors other than micro enterprises and small Enterprises."

2. Under the heading "Notes: General Instructions for preparation of Balance Sheet", in para 6, after sub-para F the following is inserted, namely:-

**"FA. Trade Payables**

The following details relating to Micro, Small and Medium Enterprises shall be disclosed in the notes:-

- a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;
- b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;
- c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.
- d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and
- e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

Explanation:- The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier', shall have the same meaning assigned to those under clauses (b), (d), (e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006."

➤ The link of the Notification is as follows:

**[http://www.mca.gov.in/Ministry/pdf/Notification\\_07092015.pdf](http://www.mca.gov.in/Ministry/pdf/Notification_07092015.pdf)**

## **E. Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015.**

- The Ministry of Corporate Affairs vide notification dated 9th September, 2015 has issued Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 in supersession the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2011.

- Following are the details of the same:

1. **Definitions:** - In these rules, unless the context otherwise requires,-
  - (a) "Act" means the Companies Act, 2013;
  - (b) "Annexure" means annexures appended to these rules;
  - (c) "Documents and forms" means the documents and forms required to be filed with any authority as specified under the Act or rules or regulations made thereunder;
  - (d) "Extensible Business Reporting Language" (XBRL), means a standardised language for communication in electronic form to express, report or file financial information by the companies under the Act;
  - (e) "Taxonomy" means in XBRL, an electronic dictionary for reporting the business data as approved by the Central Government in respect of any documents or forms indicated in these rules.

2. Words and expressions used in these rules but not defined and defined in the Act or in the Companies (Specification of definitions details) Rules, 2014 shall have the meanings respectively assigned to them in the Act and said rules.

### **3. Filing of financial statement with Registrar:-**

The following class of companies shall file their financial statement and other documents under section 137 of the Act, with the Registrar in e-form AOC-4 XBRL (Annexure I attached to the notification) for the financial years commencing on or after 1<sup>st</sup> April, 2014 using the XBRL taxonomy given as Annexure II in the notification, namely:-

- a. All companies listed with any Stock Exchange(s) in India and their Indian subsidiaries; or
- b. All companies having paid up capital of rupees five crore or above;
- c. All companies having turnover of rupees hundred crore or above; or
- d. All companies which were hitherto covered under the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2011:

*Provided that the companies in Banking, Insurance, Power Sector and Non-Banking Financial companies are exempted from XBRL filing.*

4. **Filing of cost audit report** - A company required to furnish cost audit report and other documents to the Central Government under sub-section (6) of section 148 of the Act and rules made thereunder, shall file such report and other documents using the XBRL taxonomy (given in Annexure-III of the notification) for the financial years commencing on or after 1<sup>st</sup> April, 2014 in **e-Form CRA-4** specified under the Companies (Cost Records and Audit) Rules, 2014.

- The link of the Notification is as follows:  
[http://www.mca.gov.in/Ministry/pdf/Rules\\_09092015.pdf](http://www.mca.gov.in/Ministry/pdf/Rules_09092015.pdf)

## **F. Companies (Acceptance of Deposits) Second Amendment Rules, 2015,**

- The Ministry of Corporate Affairs vide notification dated 15<sup>th</sup> September, 2015 has issued Companies (Acceptance of Deposits) Second Amendment Rules, 2015.
- In the Companies (Acceptance of Deposits) Rules, 2014 (hereinafter referred to as said rules),
  1. In rule 2, in sub-rule (1), in clause (c), for sub-clause (viii), the following shall be substituted, namely:-

“(viii) Any amount received from a Person who, at the time of the receipt of the amount, was a director of the company or a relative of the director of the Private company:  
Provided that the director of the Company or relative of the director of the Private company, as the case may be, from whom money is received, furnishes to the company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others and the company shall disclose the details of money so accepted in the Board's report;”
  2. In the said rules, in rule 3, -
    - a) for the words “paid-up share capital and free reserves”, wherever they occur, the words “Paid-up share capital, free Reserves and Securities Premium account” shall be substituted;
    - b) in sub-rule (8), in the Table, for item (e) and entries relating thereto the following shall be substituted, namely

“(e) Brickwork Ratings India Pvt Ltd (Brickwork)	BWR FBBS”
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- The link of the Notification is as follows:  
[http://www.mca.gov.in/Ministry/pdf/Amendment\\_Rules\\_15092015.pdf](http://www.mca.gov.in/Ministry/pdf/Amendment_Rules_15092015.pdf)

## **G. HIGH LEVEL COMMITTEE ON CSR**

- The MCA vide Circular No. 13 dated September 16, 2015 has granted extension to the High Level Committee of another one month with the approval of Hon'ble Union Minister for Corporate Affairs to submit its report by 22.09.2015.  
The High level Committee was constituted to suggest measures for improved monitoring of the implementation of Corporate Social Responsibility policies by the companies under Section 135 of the Companies Act, 2013, vide OM of even no. dated 03.02.2015.
- The link of the Notification is as follows:  
[http://www.mca.gov.in/Ministry/pdf/General\\_Circular\\_13\\_2015.pdf](http://www.mca.gov.in/Ministry/pdf/General_Circular_13_2015.pdf)

## **H. Companies (Management and Administration) Second Amendment Rules, 2015.**

- The Ministry of Corporate Affairs vide notification dated 24<sup>th</sup> September, 2015 has issued Companies (Management and Administration) Second Amendment Rules, 2015.
- In the Companies (Management and Administration) Rules, 2014, in Form No. MGT-7, the PAN No. of the Company is now to be specified mandatorily.
- The link of the Notification is as follows:  
[http://www.mca.gov.in/Ministry/pdf/Amendment\\_Rules\\_24092015.pdf](http://www.mca.gov.in/Ministry/pdf/Amendment_Rules_24092015.pdf)

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## **RBI UPDATES:**

### **A. Master Circular on Memorandum of Instructions governing money changing activities**

- The Reserve Bank of India (RBI) has issued the Master Circular No. 10 consolidating the existing instructions on the subject of “**Memorandum of Instructions governing money changing activities**” at one place. The Master Circular consolidated all the amendments from November 12, 2002 till September 10, 2015.
- The link of the Circular is as follows:  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/92FL52D2D70F4E1047A1880B53A903B09D60.PDF>

### **B. Master Circular on External Commercial Borrowings and Trade Credits.**

- The Reserve Bank of India (RBI) has issued the Master Circular No. 10 consolidating the existing instructions on the subject of “**External Commercial Borrowings and Trade Credits**” at one place. The Master Circular consolidated all the amendments from December 13, 2004 till September 10, 2015.
- The link of the Circular is as follows:  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/33MCAD6BE480AAFA4D6EA8C41C3475AFB3C1.PDF>

### **C. Exchange Earners’ Foreign Currency (EEFC) Account-Discontinuation of Statement pertaining to trade related loans and advances.**

- The Reserve Bank of India (RBI) vide Circular No. 11 dated September 10, 2015 issued circular in reference to Exchange Earners’ Foreign Currency (EEFC) Account-Discontinuation of Statement pertaining to trade related loans and advances.

- Attention of Authorized Dealers Category –I (AD Category –I) banks is invited to A.P. (DIR Series) Circular No.78 dated February 14, 2003 in terms of which transactions relating to loans/ advances from EEFC account may be reported by the AD banks on a quarterly basis to the Regional Office of Reserve Bank.
- With a view to liberalizing the procedure, it has now been decided to dispense with the above-mentioned statement with immediate effect.
- The link of the Circular is as follows:  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT1735CE7EA922B814AF9B738082C1349D99F.PDF>

#### **D. Guidelines for Grant of Authorisation for Additional Branches of FFMC/AD Cat. II**

- The Reserve Bank of India (RBI) vide Circular No.12 dated September 10, 2015 issued circular in reference to Guidelines for Grant of Authorization for Additional Branches of FFMC/AD Cat. II.
- Attention of FFMC/AD Cat. II licence holders is invited to paragraph (B) of Annex- I to A.P. (DIR Series) Circular No. 57 dated March 9, 2009 on Memorandum of Instructions governing money changing activities, wherein guidelines for grant of authorization for additional branches had been given.

- As part of further simplification of the guidelines, it has now been decided to incorporate the changes in the guidelines in respect of submission of documents by the applicant FPMC/AD Cat. II while applying for authorization for an additional branch. The existing guidelines in respect of required documents and revised position are provided in the table below:--

Sr. No.	Documents required to be submitted as per existing guidelines	Revised Position
1.	Copy of latest audited accounts with a certificate from Statutory Auditors regarding position of NOF as on date of application.	Only a certificate from Proprietor/Partner/Director /CFO of the entity as regards the position of NOF is required to be submitted.
2.	Confidential Report from applicant's banker.	This requirement shall be dispensed with.
3.	Declaration to the effect that no proceedings have been initiated or are pending with DoE/DRI	The declaration has to be submitted every time an application for authorisation of a new branch is made, as per existing instructions.
4.	A copy of KYC/AML/CFT policy framework existing in the company	Only a declaration to be submitted that there is no change in the KYC/AML/CFT policy framework since its last submission to RBI. However, in case there is a change, a copy of the revised/latest version of the policy shall be required to be submitted.
5.	Brief write-up on the internal control systems, including internal and external audit.	Only a declaration to be submitted to the effect that there is no change in the internal control systems including internal and external audit since submission of the last write-up to RBI. However, in case there is a change, the revised/latest write-up shall be required to be submitted.

- The link of the Circular is as follows:  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT1748F7F5B0101774AEF966139ADB681DDCB.PDF>

### **E. Foreign Exchange Management (Regularization of assets held abroad by a person resident in India) Regulations, 2015.**

- The Reserve Bank of India (RBI) vide Notification No.348 dated September 25, 2015 issued notification in reference to Foreign Exchange Management (Regularization of assets held abroad by a person resident in India) Regulations, 2015.

- The link of the above Notification is as follows:  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/N348C1A8A6BE974140679E9A7DC9B9B3F303.PDF>

## **F. Regularisation of assets held abroad by a person resident in India under Foreign Exchange Management Act, 1999**

- The Reserve Bank of India (RBI) vide Circular No.18 dated September 30, 2015 issued circular in reference to Regularization of assets held abroad by a person resident in India under Foreign Exchange Management Act, 1999.
- The Government of India has enacted The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (Black Money Act) on May 26, 2015 to address the issue of undisclosed assets held abroad. It provides for separate taxation of income and assets acquired abroad from income not disclosed but chargeable to tax in India.
- To effectively deal with assets held abroad by persons resident in India in violation of the Foreign Exchange Management Act, 1999 (FEMA) for which declarations have been made and taxes and penalties have been paid under the provisions of the Black Money Act, Reserve Bank has issued the Foreign Exchange Management (Regularization of assets held abroad by a person resident in India) Regulations, 2015 notified through Notification No. FEMA 348/2015-RB dated September 25, 2015 vide G.S.R. No. 738 (E) dated September 25, 2015.
- **Accordingly, it is clarified that:**
  - a) No proceedings shall lie under the Foreign Exchange Management Act, 1999 (FEMA) against the declarant with respect to an asset held abroad for which taxes and penalties under the provisions of Black Money Act have been paid.
  - b) No permission under FEMA will be required to dispose of the asset so declared and bring back the proceeds to India through banking channels within 180 days from the date of declaration.
  - c) In case the declarant wishes to hold the asset so declared, she/ he may apply to the Reserve Bank of India within 180 days from the date of declaration if such permission is necessary as on date of application. Such applications will be dealt by the Reserve Bank of India as per extant regulations. In case such permission is not granted, the asset will have to be disposed of within 180 days from the date of receipt of the communication from the Reserve Bank conveying refusal of permission or within such extended period as may be permitted by the Reserve Bank and proceeds brought back to India immediately through the banking channel.
- The link of the Circular is as follows:  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/AD18D46D371CA7874C8788F336762E41F4B.PDF>



## **SEBI UPDATES:**

### **A. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

- SEBI vide notification dated September 2, 2015 issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which shall be effective from the ninetieth day from the date of their publication in the official gazette.
- The link of the Notification is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1441284401427.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1441284401427.pdf)

### **B. SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2015.**

- SEBI vide notification dated September 8, 2015 issued the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2015 further amending the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. The amendments shall be effective from September 28, 2015.
- The link of the Notification is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1441709358212.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1441709358212.pdf)

### **C. SEBI (Regulatory Fee On Stock Exchanges) (Amendment) Regulations, 2015**

- SEBI vide notification dated September 8, 2015 issued the SEBI ((Regulatory Fee On Stock Exchanges) (Amendment) Regulations, 2015. The amendments shall be effective from September 28, 2015.
- The link of the Notification is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1441709324973.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1441709324973.pdf)

#### **D. Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) (Amendment) Regulations, 2015**

- SEBI vide notification dated September 8, 2015 issued the Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) (Amendment) Regulations, 2015. The amendments shall be effective from September 28, 2015.
- The link of the Notification is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1441709393797.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1441709393797.pdf)

#### **E. Continuous Disclosure Requirements for Listed Entities.**

- SEBI vide circular dated September 9, 2015 issued the Listing Regulations specifying the disclosures which are to be made by the listed Companies under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The link of the Circular is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1441799529193.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1441799529193.pdf)

#### **F. SEBI (Issue Of Capital And Disclosure Requirements) (Sixth Amendment) Regulations, 2015**

- SEBI vide notification dated September 10, 2015 issued the SEBI (Issue Of Capital And Disclosure Requirements) (Sixth Amendment) Regulations, 2015 which shall be effective from the date of their publication in the official gazette.
- The link of the Notification is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1441965949162.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1441965949162.pdf)

#### **G. Disclosures to be made by NBFCs in the Offer Documents for public issue of Debt Securities under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.**

- SEBI vide circular dated September 15, 2015 issued the G. Disclosures to be made by NBFCs in the Offer Documents for public issue of Debt Securities under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
- The link of the Circular is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1442310923565.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1442310923565.pdf)

#### **H. Revised Disclosure Formats under SEBI (Prohibition of Insider Trading) Regulations, 2015.**

- SEBI vide circular dated September 16, 2015 issued the revised formats for disclosure under Regulation 7 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“the Regulations”). The revised formats were annexed to the Circular.

- The link of the Circular is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1442406735417.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1442406735417.pdf)

## **I. SEBI (Share Based Employee Benefits) (Amendment) Regulations, 2015**

- SEBI vide notification dated September 18, 2015 issued the SEBI (Share Based Employee Benefits) (Amendment) Regulations, 2015 which shall be effective from the date of their publication in the official gazette.
- The link of the Notification is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1442567991520.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1442567991520.pdf)

## **J. Format for compliance report on Corporate Governance to be submitted to Stock Exchange (s) by Listed Entities**

- SEBI vide circular dated September 24, 2015 issued the J. Format for compliance report on Corporate Governance to be submitted to Stock Exchange (s) by Listed Entities. The revised formats were annexed to the Circular.
- The link of the Circular is as follows:  
[http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1443091241915.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1443091241915.pdf)



## DIPP:

### A. Review of the existing Foreign Direct Investment policy on Partly Paid Shares and Warrants

- DIPP vide Press note No. 9 has issued amendments to the Consolidated FDI Policy Circular of 2015 dated September 15, 2015 with reference to partly paid shares and warrants.
- On review of the provisions of the extent FDI policy on Partly Paid Shares and Warrants it is now decided to allow partly paid shares and warrants as eligible capital instruments for the purposes of FDI policy. Accordingly, the following amendments were made in the 'Consolidated FDI Policy Circular of 2015':

1. Para 2.1.5 is amended as:

“Capital’ means equity shares; fully, compulsorily & mandatorily convertible preference shares; fully, compulsorily & mandatorily convertible debentures and warrants.

Note: The equity shares issued in accordance with the provisions of the Companies Act, as applicable, shall include equity shares that have been partly paid. Preference shares and convertible debentures shall be required to be fully paid, and should be mandatorily and fully convertible. Further, ‘warrant’ includes Share Warrant issued by an Indian Company in accordance to provisions of the Companies Act, as applicable.”

2. A new para is inserted after para 3.3.3 of Consolidated FDI Policy Circular of 2015:  
3.3.3 bis: **Acquisition of Warrants and Partly Paid Shares** - An Indian company may issue warrants and partly paid shares to a person resident outside India subject to terms and conditions as stipulated by the Reserve Bank of India in this behalf, from time to time.
- The link of the Press Note is as follows:  
[http://dipp.nic.in/English/acts\\_rules/Press\\_Notes/pn9\\_2015.pdf](http://dipp.nic.in/English/acts_rules/Press_Notes/pn9_2015.pdf)



## **B. STREAMLINING THE PROCEDURE FOR GRANT OF INDUSTRIAL LICENSES.**

- DIPP vide Press note No. 10 has modified the provisions of Press Note 5 (2015 series) altering the initial validity of Industrial License for Defence Sector which is presently seven years, further extendable up to 10 years.
- In partial modification of the above mentioned Press Note, the initial validity of Industrial License for Defence Sector is being revised to 15 years, further extendable up to 18 years for existing as well as future Licenses. However, in case a license has already expired, the Licensee has to apply afresh for issue of license.
- The above amendment is done as a measure to further promote ease of doing business, in view of the long gestation period of Defence contracts to mature.
- The link of the Press Note is as follows:  
[http://dipp.nic.in/English/acts\\_rules/Press\\_Notes/pn10\\_2015.pdf](http://dipp.nic.in/English/acts_rules/Press_Notes/pn10_2015.pdf)

# ARTICLE OF THE MONTH

## ANNUAL RETURN UNDER COMPANIES ACT, 2013

Section 92 of the Companies Act, 2013 deals with the Annual Return (AR) , which every Company has to file with the Ministry of Corporate Affairs after its Annual General Meeting giving details of its Registered office address, Capital, Debentures, Directors, Members and Transfers .

The Companies Act, 2013 has consolidated the provisions of Annual Return in one section as compared to Companies Act, 1956 which had provision of it under various sections like section 159,160,161 and 162 read with Schedule V which was the format of Annual Return.

### **A. Changes in Format of Annual Return(AR) under CA 1956 vis-a-vis CA 2013.**

- (1) **Format:** New E-Form MGT 7 instead of Schedule V for the Annual Return is introduced.
- (2) **Period covered for details:** The details to be provided in MGT 7 shall be for the financial year i.e. from 1<sup>st</sup> April to 31<sup>st</sup> March; Whereas AR under CA 1956 was giving details from last Annual General Meeting (AGM) to the current year AGM after which the AR was to be filed.
- (3) **Signing Requirements:**
  1. One Person Company and Small Company – To be signed by Company Secretary (CS) or Director.
  2. Listed Companies and Other Companies having Paid up Share Capital of INR 10 Crore or More or having turnover of INR 50 Crore or more – To be Signed by Director and CS and Certified by PCS (“Practicing Company Secretary”).  
*PCS has to certify the Annual Return prepared in MGT 7 by way of separate certificate in form MGT 8.*
  3. Other than above mentioned Companies –To be signed by the Director and CS – if no CS then PCS.
- (4) **Annual Return Extract** to be given in Form **MGT-9** and to be attached with Director’s Report.
- (5) **Contents of AR** – There are many additional information in the AR under CA 2013 like Principal Business Activities, Turnover and Net worth of the Company, Details of KMP and their remuneration, Number of Board and Committee Meetings, Opening balance of Indebtedness, Changes in it and closing Balance of Indebtedness (Principal, Interest due & Interest accrued but not due) and above all a Certificate of complete compliance and disclosures made by the Company and if not, give details with reasons.

(6) **Penal Provisions:** In case of failure to file the AR

Company	Fine which shall not be less than <b>Rs. 50,000/-</b> but which may extend to <b>Rs. 5,00,000/-</b> .
Officer	<b>Imprisonment</b> for a term which may extend to <b>6 months</b> or <b>Fine</b> which shall not be less than <b>Rs. 25,000/-</b> but which may extend to <b>Rs. 5,00,000/-</b> or with <b>both</b> .
PCS if certify otherwise than in conformity required under this section 92	<b>Fine</b> which shall not be less than <b>Rs. 50,000/-</b> but which may extend to <b>Rs. 5,00,000/-</b> .

**Major Changes brought by the New Form MGT-7 are:**

*New Form MGT-7* has been revised and made available from 25<sup>th</sup> September 2015 on MCA website. The same has been made simple.

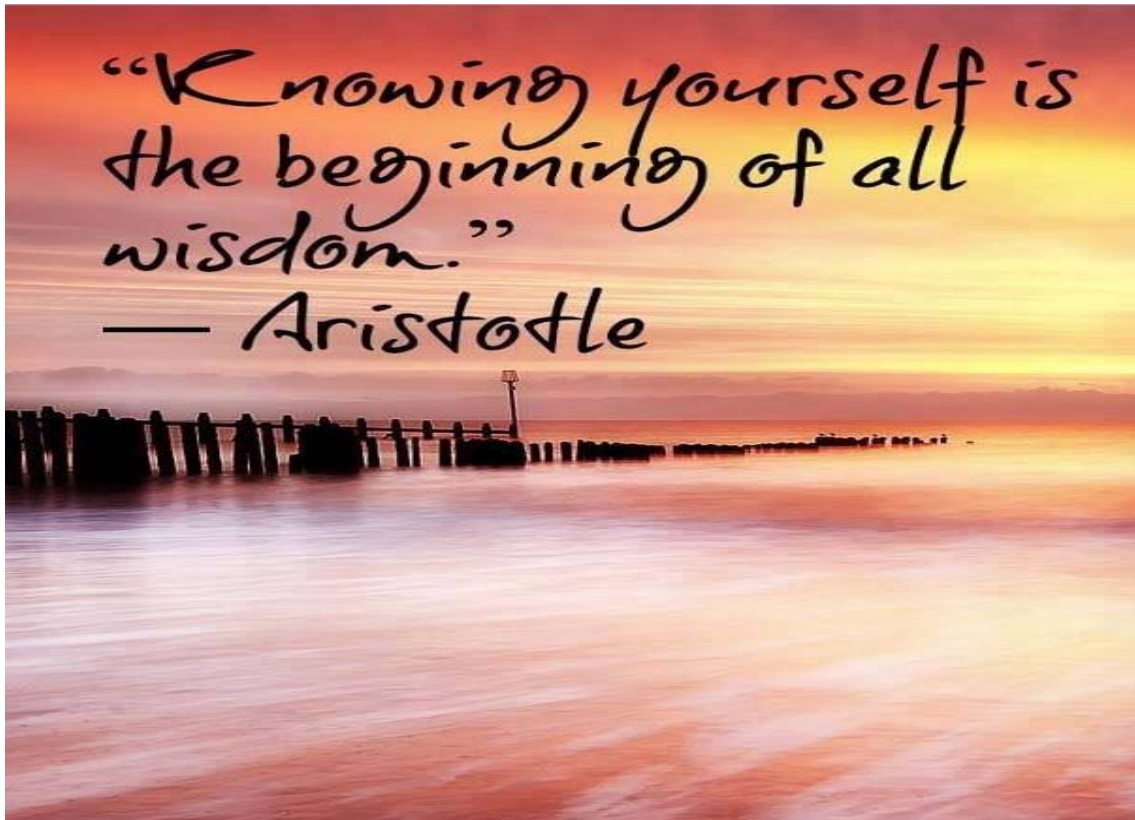
- Details in relation to Securities Premium Account with respect to share capital have been removed in the new form.
- Details in respect of shareholding of top ten shareholders have been removed.
- The New form requires the details of outstanding debentures in addition to the deposits and loans under the particulars of Indebtedness.
- Format of certification of compliances has been simplified.
- Disclosure in relation to CSR has been removed in the new form
- The new form specifies the list of attachments which are as follows:
  - i. List of shareholders, debenture holders.
  - ii. Approval letter for extension of AGM;
  - iii. Copy of MGT-8;
  - iv. Optional Attachment(s), if any.

To conclude we would say that a simplified form MGT-7 has been introduced in place of a lengthy Form MGT-7. The major change of the form is the presentation part which has reduced the length of the form drastically.

However, surprisingly in heading No. IV Share Capital, Debenture and other securities of the Company, sub heading I (Share Capital) and II (Details of Stock split/consolidation during the year (for each class of shares)) as given in the Notification dated August 28, 2015 are missing in the final E-form MGT 7.

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## INSPIRATIONAL QUOTES



“Nothing defines humans better than their willingness to do irrational things in the pursuit of phenomenally unlikely payoffs. This is the principle of lotteries, dating, and religion.”

- Scott Adams

## **Disclaimer**

*\*This legal update is not intended to be a form of solicitation or advertising. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate thereafter. No person should act on such information without appropriate professional advice based on the circumstances of a particular situation. This update is intended for private circulation only.*

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