RBI/FEMA

1. CHANGE IN RTGS FUNDS TRANSFER TIMINGS

The Reserve Bank of India (**RBI**) vide its press release dated 28th August, 2015 declared that all Banks will observe public holiday on second and fourth Saturdays of every month *w.e.f.* 1st Sep 2015.

In view of that RBI has issued this circular under Section 10 (2) of the Payment & Settlement Systems Act, 2007 declaring that payment systems like RTGS (Real Time Gross Settlement), NEFT (National Electronic Fund Transfer), Cheque Clearing etc. will not be operated on second and fourth Saturdays of a month but would be available for full day on working Saturdays and regular days. Also, Processing of future value dated transactions with value date falling on second and fourth Saturdays will not be undertaken under RTGS and ECS suite (Electronic Clearing Service). - ***[RBI/2015-16/168 DPSS (CO) RTGS No.492/04.04.002/2015-16, dated 1st September, 2015]***

2. DISCONTINUATION OF STATEMENT PERTAINING TO TRADE RELATED LOANS AND ADVANCES FROM EEFC ACCOUNT

In terms of RBI Circular dated 14th February, 2003, transactions relating to loans/ advances from Exchange Earners' Foreign Currency (**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, RBI has dispensed with the requirement of reporting of such transactions. - ***[RBI/2015-16/173 A.P. (DIR Series) Circular No.11, dated 10th September, 2015]***

3. SIMPLIFICATION OF GUIDELINES FOR GRANT OF AUTHORISATION FOR ADDITIONAL BRANCHES OF FFMC/AD CAT. II

As part of further simplification of the guidelines, RBI has revised the guidelines in respect of submission of documents by the applicant FFMC/AD Cat. II while applying for authorization for an additional branch in respect of money changing activities. The existing guidelines in respect of required documents and revised position thereof are annexed to this circular. - ***[RBI/2015-16/174 A.P. (DIR Series) Circular No.12, dated 10th September, 2015]***

4. TRADE CREDIT BY IMPORTERS CAN BE RAISED IN INR

With a view to providing greater flexibility for structuring of trade credit arrangements, RBI has publicized that the resident importer can raise trade credit in Indian Rupees (**INR**) within the following framework after entering into a loan agreement with the overseas lender:

(i) Trade credit can be raised for import of all items (except gold) permissible under the extant Foreign Trade Policy;

(ii) Trade credit period for import of non-capital goods can be upto one year from the date of shipment or upto the operating cycle whichever is lower;

(iii) Trade credit period for import of capital goods can be upto five years from the date of shipment;

(iv) No roll-over / extension can be permitted by the AD Category - I bank beyond the permissible period;

(v) AD Category - I banks can permit trade credit upto USD 20 mn equivalent per import transaction;

(vi) AD Category - I banks are permitted to give guarantee, Letter of Undertaking or Letter of Comfort in respect of trade credit for a maximum period of three years from the date of shipment;

(vii) The all-in-cost of such Rupee (INR) denominated trade credit should be commensurate with prevailing market conditions;

(viii) All other guidelines for trade credit will be applicable for such Rupee (INR) denominated trade credits.

- [RBI/2015-16/175 A.P. (DIR Series) Circular No.13, dated 10th September, 2015]

5. COMMERCIAL BANKS CAN GRANT LOANS AND ADVANCES TO CEO/ WTDs WITHOUT SEEKING PRIOR APPROVAL OF RBI

Section 20 of Banking Regulation Act, 1949 prohibits banks from granting any loan or advance to any of its directors. However as per extant guidelines, banks with prior approval of RBI can give loan to Chief Executive Officer/ Whole Time Directors (**CEO/WTDs**) for purchasing of car, personal computer furniture, constructing/acquiring a house for personal use, festival advance and credit limit under credit card facility.

In order to streamline the existing processes, RBI has decided that commercial banks can grant loans and advances to the CEO/ WTDs without seeking prior approval of RBI, subject to the following conditions.

(i) The loans and advances shall form part of the compensation /remuneration policy approved by the Board of Directors or any committee of the Board to which powers have been delegated or the Appointments Committee, as the case may be;

(ii) The guidelines on Base Rate will not be applicable on the interest charged on such loans. However, the interest rate charged on such loans cannot be lower than the rate charged on loans to the bank's own employees.

- [RBI/2015-16/178 DBR. Dir. BC. No. 38/13.03.00/2015-16, dated 16th September, 2015]

6. BANKS TO PROVIDE PCE TO CORPORATE BONDS

With a view to encouraging corporates to avail bond financing, RBI has allowed banks to provide Partial Credit Enhancement (**PCE**) to bonds issued by corporates /special purpose vehicles (**SPVs**) for funding all types of projects, subject to the guidelines as Annexed to this circular. ***- [RBI/2015-16/183 DBR. BP. BC. No. 40/21.04.142/2015-16, dated 24th September, 2015]***

7. GUIDELINES ON OPERATIONS OF FOREIGN CURRENCY ACCOUNTS IN INDIA BY SHIP-MANNING / CREW-MANAGEMENT AGENCIES

With a view to ensuring strict compliance, RBI has issued guidelines on the operations of foreign currency accounts opened with banks by foreign shipping or airline companies or their agents in India as below:

(i) Credits to such foreign currency accounts would be only by way of freight or passage fare collections in India or inward remittances through normal banking channels from the overseas principal. Debits will be towards various local expenses in connection with the management of the ships / crew in the ordinary course of business.
(ii) No credit facility (fund based or non-fund based) should be granted against security of funds held in such accounts.
(iii) The bank should meet the prescribed 'reserve requirements' in respect of balances in such accounts.
(iv) No EEFC facility should be allowed in respect of the remittances received in these accounts.
(v) These foreign currency accounts will be maintained only during the validity period of the agreement.

- [RBI/2015-16/184 A.P. (DIR Series) Circular No. 15, dated 24th September, 2015]

8. BANKS ALLOWED TO OFFER PROCESSING AND SETTLEMENT OF IMPORT AND EXPORT RELATED PAYMENTS FACILITATED BY OPGSPs

As per extant guidelines banks have been permitted to offer the facility to repatriate export related remittances by entering into standing arrangements in respect of export of goods and services. To facilitate e-commerce, RBI has now permitted AD Category-I banks to offer similar facility of payment for imports by entering into standing arrangements with the Online Payment Gateway Service Providers (**OPGSPs**). The revised consolidated guidelines on such imports and exports are given in this circular. ***- [RBI/2015-16/185 A.P. (DIR Series) Circular No.16, dated 24th September, 2015]***

9. BANKS ALLOWED TO RECLASSIFY STRESSED LOANS UPON CHANGE IN OWNERSHIP OF BORROWING ENTITIES

In order to further enhance banks' ability to bring in a change in ownership of borrowing entities which are under stress primarily due to operational/ managerial inefficiencies despite substantial sacrifices made by the lending banks, RBI has now allowed banks to upgrade the credit facilities extended to borrowing entities whose ownership has been changed outside Strategic Debt Restructuring Scheme (**SDR**), to 'Standard' category upon such change in ownership, subject to the following important guidelines, among others:

(i) New promoter should not be a person/ entity/ subsidiary/ associate etc. (domestic as well as overseas), from/belonging to the existing promoter/promoter group.
(ii) Banks should clearly establish that the acquirer does not belong to the existing promoter group.
(iii) The new promoter should have acquired at least 51 per cent of the paid up equity capital of the borrower company.
(iv) If the new promoter is a non-resident, and in sectors where the ceiling on foreign investment is less than 51 per cent, the new promoter should own at least 26 per cent of the paid up equity capital or up to applicable foreign investment limit, whichever is higher.
(v) Banks should also be satisfied that with this equity stake the new non-resident promoter controls the management of the company.
(vi) At the time of takeover of the borrowing entity by a 'new promoter', banks are allowed to refinance the existing debt of the borrowing entities, considering the changed risk profile, without treating the exercise as 'restructuring'.

- [DBR.BP.BC.No.41/21.04.048/2015-16, dated 24th September, 2015]

10. INTRODUCTION OF BANKNOTES WITH NEW NUMBERING PATTERN AND SPECIAL FEATURES FOR VISUALLY IMPAIRED

RBI has issued Banknotes in Mahatma Gandhi Series 2005 with a new numbering pattern and special features for the visually impaired in Rs. 100, 500 and 1000 denominations. In the new numbering pattern, the numerals in both the number panels of these denominations ascend in size from left to right, while the first three alphanumeric characters (prefix) remain constant in size.

Further, the size of the Identification Mark in Rs. 100, 500 & 1000 denominations has been increased by 50% and angular bleed lines - 4 lines in 2 blocks in Rs. 100, 5 lines in 3 blocks in Rs. 500 and 6 lines in 4 blocks in Rs. 1000 denominations, have been introduced. ***- [RBI/2015-16/188 DCM (Plg) No.G-6/1128/10.01.24/2015-16, dated 24th September, 2015]***

11. FEM (REGULARIZATION OF ASSETS HELD ABROAD BY A PERSON RESIDENT IN INDIA) REGULATIONS, 2015 NOTIFIED

In order to regularize the assets held abroad by a person resident in India, RBI has notified the Foreign Exchange Management (Regularization of assets held abroad by a person resident in India) Regulations, 2015.

As per these regulations, "no proceedings shall lie under the provisions of the FEMA, 1999 against a person resident in India who has made a declaration under section 59 of the Black Money Act, in respect of any undisclosed asset located outside India and has paid the tax and penalty in accordance with the provisions of Chapter VI of the Black Money Act." ***- [Notification No. FEMA. 348/2015-RB, dated 25th September, 2015 & RBI/2015-16/195 A.P. (DIR Series) Circular No.18, dated 30th September, 2015]***

12. FRAMEWORK FOR ISSUANCE OF RUPEE DENOMINATED BONDS OVERSEAS WITHIN THE ECB POLICY

In order to facilitate Rupee denominated borrowing from overseas, RBI has decided to put in place a framework for issuance of Rupee denominated bonds overseas within the overarching ECB policy.

The broad contours of the framework are as follows:

(i) **Eligible borrowers:** Any corporate or body corporate as well as Real Estate Investment Trusts (**REITs**) and Infrastructure Investment Trusts (**InvITs**).
(ii) **Recognised investors:** Any investor from a Financial Action Task Force (**FATF**) compliant jurisdiction.
(iii) **Maturity:** Minimum maturity period of 5 years.
(iv) **All-in-cost:** All in cost should be commensurate with prevailing market conditions.
(v) **Amount:** As per extant ECB policy.
(vi) **End-uses:** No end-use restrictions except for a negative list.

- [RBI/2015-16/193 A.P. (DIR Series) Circular No.17, dated 29th September, 2015]

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FOREIGN TRADE

1. THIRD PARTY EXPORTS UNDER EPCG SCHEME

The Directorate General of Foreign Trade (**DGFT**) has issued this circular clarifying that the provisions of Para 5.10(d) of HBP 2015-20 shall be applicable to third party exports made on or after 01.04.2015 (even in respect of exports made under EPCG authorisations issued prior to 01.04.2015). Third party exports which have been made prior to 01.04.2015 will be governed by the provisions of relevant policy/procedure. ***-[Policy Circular No. 03 / 2015-20, 2nd September, 2015, (DGFT)]***

2. INCORPORATION OF NEW APPENDIX – 2X, IN FTP 2015-20

DGFT has amended the Appendices under Foreign Trade Policy (**FTP**) 2015 – 20 by incorporating a new Appendix to be known as Appendix–2X enlisting the countries wherefrom import of Textiles and Textile Articles is exempted from testing of samples for presence of Azo Dyes as per General Notes 10(III) as incorporated *vide* Notification No.19 /2015-2020, dated 4th September, 2015. - ***[Public Notice No. 32/2015-2020, 4th September, 2015, (DGFT)]***

3. AMENDMENT OF EXPORT POLICY OF SUGAR

The requirement of registration of quantity with DGFT for export of sugar has been dispensed with. - ***[Notification No 20/ 2015-2020, 7th September, 2015, (DGFT)]***

4. AMENDMENTS IN APPENDIX 4J AND 4B OF APPENDICES AND AYAT AND NIRYAT FORMS OF FTP 2015-20

Amendment in Appendix 4B: State Trading Corporation, New Delhi, has been inserted as Nominated Agency.

Amendment in Appendix 4J: Export Obligation Period for Natural Rubber from the date of clearance of each import consignment by Customs authority has been notified to be 6 months (*w.e.f.* 01.04.2015). - ***[Public Notice No. 35/2015-2020, 11th September, 2015, (DGFT)]***

5. OPERATIONALIZATION OF MODIFICATION IN IEC

Modifications in Electronic IECs as well as physical IECs will now be carried out online. Applicants can seek modifications in their e-IEC's/ IEC's by paying a fee of Rs.200/- online from the 21st of September, 2015. - ***[Public Notice No. 36/2015-2020, 14th September, 2015, (DGFT)]***

6. AMENDMENT IN IMPORT POLICY CONDITION OF APPLES

Import of the item 'Apples' covered under EXIM Code 0808 1000 is allowed only through Nhava Sheva port. - ***[Notification No 21/ 2015-2020, 14th September, 2015, (DGFT)]***

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CORPORATE

1. ALTERATION IN SCHEDULE III OF COMPANIES ACT, 2013

The Ministry of Corporate Affairs (**MCA**) has issued this Notification making alterations in form of substitution in following aspects of Balance Sheet:

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".

Under the heading "Notes: General Instructions for preparation of Balance Sheet", in para 6, after sub-para F the following shall be 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.

- [MCA Notification F. No. 1/19/2013/CL.V, 4th September, 2015]

2. EXEMPTION TO GOVERNMENT COMPANIES PRODUCING DEFENSE EQUIPMENTS INCLUDING SPACE RESEARCH IN PREPARATION OF PROFIT AND LOSS STATEMENT

Certain Provisions relating to Additional Information of the General instructions for preparation of Statement of Profit and Loss in Schedule III of the Companies Act, 2013 shall not apply to government companies producing Defence Equipment including the Space Research subject to fulfilment of following conditions, namely:-

(a) The Board of Directors of the Company has given 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.

- [MCA Notification F. No. 1/19/2013-CL-V-Part, 4th September, 2015]

3. ALTERATIONS IN COMPANY (ACCOUNTS) RULES 2014

MCA has issued this Notification amending Companies (Accounts) Rules, 2014. Consequently, in rule 2 (which is the definition clause) in sub-rule (1) after clause (d) a new clause (da) is inserted which reads as under:

(da) "Indian Accounting Standards" means the Indian Accounting Standards referred to in Rule 3 and Annexure to the Companies (Indian Accounting Standards) Rules, 2015.

After Rule 4 (which deals with conditions regarding maintenance and inspection of certain financial information by directors), a new Rule 4A is to be inserted. It specifies that financial statement shall be in form specified in Schedule III to the Act and

comply with Indian Accounting Standards. Provided that items contained in the Financial Statements shall be prepared in accordance with the definitions and other requirements specified in Indian Accounting Standards.

Rule 8 deals with matters to be included in boards report and Rule 8(3) lists out the information and details that should form part of report by the Board. A new proviso is inserted at the end of Rule 8(3) which exempts government companies engaged in producing defence equipment.

Rule 12 provides for filling of financial statement and fees to be paid thereon. Sub-rule (1) of Rule 12 substituted and reads as under:

> "(1) Every company shall file the financial statements Registrar together with Form AOC-4 and the consolidated financial statement, if any, with Form AOC-4 CFS".

Further, Form AOC-4 is being substituted with new forms AOC-4 and AOC-4 CFS. This Notification shall come into force on the date of its publication in Official Gazette. ***- [MCA Notification F. No. 1/19/2013-CL-V-Part, 4th September, 2015]***

4. COMPANIES (FILING OF DOCUMENTS AND FORMS IN EXTENSIBLE BUSINESS REPORTING LANGUAGE) RULES, 2015 ISSUED

MCA has notified new Rules namely, Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015, in suppression of Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2011. The new rules provide for filing of financial statements and other documents under section 137 of the Companies Act, 2013 with the Registrar in e-form AOC-4 XBRL (Extensible Business Reporting Language) for financial year commencing on or after 1st April 2014 XBRL taxonomy given in Annexure II of this Notification.

Companies which require to follow this mandate includes:-

(i) all companies listed with any Stock Exchange(s) in India and their Indian subsidiaries; or
(ii) all companies having paid up capital of rupees five crore or above;
(iii) all companies having turnover of rupees hundred crore or above; or
(iv) 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.

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 for the financial years commencing on or after 1st April, 2014 in e-form CRA-4 specified under the Companies (Cost Records and Audit) Rules, 2014. ***- [MCA Notification F. No. 1/1912013-CL-V, 9th September, 2015]***

5. COMPANIES (MANAGEMENT AND ADMINISTRATION) SECOND AMENDMENT RULES, 2015

MCA has issued this Notification amending the Companies (Management and Administration) Rules, 2014. Now the Companies filing Form MGT-7 (Annual Returns) require to give their Permanent Account Number (**PAN**). This notification shall

come into force on the date of its publication in the Official Gazette. ***- [MCA Notification F. No. 01/34/2013-CL-V- Part-I, 24th September, 2015]***

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SECURITIES

1. CIRCULAR UNDER REGULATION 30 OF NEWLY NOTIFIED SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Securities and Exchange Board of India (**SEBI**) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**) on 2nd September, 2015 after following the consultation process. SEBI in its Board meeting dated 19th November, 2014 approved the conversion of existing listing agreements into a single comprehensive regulation for various type of listed entities. The Listing Regulations shall come into force on the 90th day from date of publication in the official gazette *i.e.* 1st December 2015.

Regulation 30 of the Listing Regulations deals with disclosure of material events by the listed entity whose equity and convertibles securities are listed on a recognised stock exchange. Such entity is required to make disclosure of events specified under Part A of Schedule III of the Listing Regulations.

The Listing Regulations divide the events that need to be disclosed broadly in two categories:

(i) The events that have to be necessarily disclosed without applying any test of materiality are indicated in Para A of Part A of Schedule III of the Listing Regulation.

(ii) Para B of Part A of Schedule III indicates the events that should be disclosed by the listed entity, if considered material.

Annexure-I of this circular indicates the details that need to be provided while disclosing events given in Para A and Para B of Schedule III. This includes *inter alia*, details of Acquisitions (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any units, divisions or subsidiary of the listed entity or any other restructuring. Issuance or forfeiture of securities, any restriction on transferability of securities. Revision in Ratings, Outcome of meetings of the board of directors within 30 minutes of the closure of the meeting. Agreements (*viz.* shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity). Fraud/ Defaults by promoter or key managerial personnel or by the listed entity or arrest of key managerial personnel or promoter. Change in directors, key managerial personnel, Auditor and Compliance Officer. Appointment or discontinuation of share transfer agent, Corporate debt restructuring.

The guidance on when an event / information can be said to have occurred is placed at Annexure II of this circular.

The details as mentioned above are given to provide guidance to listed entity and the entity has the responsibility to make disclosures that are appropriate and would be consistent with the facts of each event. In case the listed entity does not disclose any such specified details, it shall state appropriate reasoning for the same as part of the disclosure.

In case of securities or the derivatives which are listed outside India by the listed entity, parity in disclosures shall be followed and whatever is disclosed on overseas stock exchange(s) by the listed entity shall be simultaneously disclosed on the stock exchange(s) where the entity is listed in India.

This circular shall come into force 90 days from 2nd September, 2015 *i.e.* date of notification of Listing Regulations. ***- [CIR/CFD/CMD/4/2015, 9th September, 2015 (SEBI)]***

2. 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

NBFCs to make more disclosures before launching public offer of debt securities to raise funds. The new disclosure norms, which would be applicable to draft offer documents to be filed on or after November 1, 2015, have been finalised on the basis of feedback from the market entities and to align the norms in line with the stipulations required by the RBI.

The NBFCs would need to disclose "aggregated exposure to the top 20 borrowers with respect to the concentration of advances", as against the current requirement for top-ten borrowers.

Also, they would need to disclose details of all loans, which are overdue and classified as non-performing as per RBI guidelines. Currently, they need to disclose details of top ten loans, which are overdue and classified as NPAs.

SEBI further observed, NBFCs are frequent issuers of debt securities and amongst other things, generally also utilise the issue proceeds for onward lending. Thus, there may be a possibility that such onward lending may be made to such persons, which are connected to the NBFCs or are a part of its 'Group'. Given this, it is imperative that adequate disclosures are provided for, to keep the investors informed with regards to such onward lending to 'Group' entities." As a result, SEBI has decided that in case any of the borrowers of the NBFCs form part of the 'Group' as defined by RBI, then appropriate disclosures would need to be made in the prescribed format. They will need to mention name of each such borrower, along with the amount of advances or exposures to such group entity borrower and also the percentage of total assets under management.

In order to allow investors to better assess the NBFC issue, it has been decided that some additional disclosures would need to be made in the offer documents. These disclosures would include a portfolio summary with regards to industries or sectors to which borrowings have been made by NBFCs.

The quantum and percentage of secured *vis-a-vis* unsecured borrowings made by NBFCs would also need to be mentioned. Other details that need to be disclosed include any change in promoter's holdings in NBFCs during the last financial year beyond a particular threshold.

At present, RBI has prescribed such a threshold level at 26 per cent. The same threshold would be applicable or as may be prescribed by RBI from time to time. ***- [CIR/IMD/DF/6/2015, 15th September, 2015 (SEBI)]***

3. REVISED DISCLOSURE FORMATS UNDER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

Regulation 7 of Prohibition of Insider Trading Regulation, 2015 (**the Regulations**) deals with 'disclosures by certain persons" and 7(1)(a) provides that Every promoter, key managerial personnel and director of every company whose securities are listed on any recognised stock exchange shall disclose his holding of securities of the Company as on the date of these regulations taking effect, to the Company within 30 days of these regulations taking effect. Further, Regulation 7(1)(b) of the Regulations provides that Every person on appointment as a key managerial personnel or a director of the company or upon becoming a promoter shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the company within 7 days of such appointment or becoming a promoter. In addition to this every promoter, employee and director of every company is required to disclose their shareholding (Continual disclosure) to the company from time to time in terms of Regulation 7(2). These disclosures are to be made in prescribed formats.

SEBI has issued Circular numbered CIR/ISD/01/2015 dated May 11, 2015 whereby the formats for disclosure under Regulation 7 of the Regulations were provided for.

Based on various representations received and in view of SEBI Guidance Note dated August 24th, 2015, revised formats (Form A to Form D) are issued as annexed with this circular. ***- [CIR/ISD/02/2015, 16th September, 2015, (SEBI)]***

4. FORMAT FOR COMPLIANCE REPORT ON CORPORATE GOVERNANCE TO BE SUBMITTED TO STOCK EXCHANGES BY LISTED ENTITIES

Regulation 27(2) of the Listing Regulations, specifies that the listed entity shall submit quarterly compliance report on corporate governance in the format specified by the Board from time to time to recognised Stock Exchange(s) within 15 days from close of the quarter.

Accordingly, SEBI has issued this circular whereby formats for Compliance Report on Corporate Governance as per the Annexures I, II and III to this circular are being prescribed:-

(i) Annexure - I - on quarterly basis;
(ii) Annexure - II - at the end of the financial year (for the whole of financial year);
(iii) Annexure - III - within six months from end of financial year. This may be submitted along with second quarter report.

Additionally, the following reports shall also be placed before the board of directors of the listed entity in terms of requirement under Regulation 17(3) of Listing Regulations:-

(i) Compliance Reports;
(ii) Secretarial Audit Report prepared in accordance with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 under Section 204 of the Companies Act, 2013 in so far as it pertains to Securities Laws.

- [CIR/CFD/CMD/ 5 /2015, 24th September, 2015, (SEBI)]

5. REGISTRATION OF MEMBERS OF COMMODITY DERIVATES EXCHANGES

Any person desirous of becoming a member of any commodity derivatives exchange(s), on or after September 28, 2015, shall have to meet the eligibility criteria to become a member of an exchange and conditions of registration, as specified in Securities

Contract (Regulation) Rules, 1957 and Stock Broker Regulations, respectively.

It is clarified by SEBI that "business in goods related to the underlying" and/ or "business in connection with or incidental to or consequential to trades in commodity derivatives", by a member of a commodity derivatives exchange, would not be disqualified under Rule 8(1)(f) and Rule 8(3)(f) of the Securities Contract (Regulation) Rules, 1957. - ***[CIR/MIRSD/4/2015, 29th September, 2015, (SEBI)]***

6. SAT SETS ASIDE APPOINTMENT OF INSTITUTION FOR MUTUAL FUND INTERMEDIARIES, AS SRO

To better monitor and regulate mutual fund distributors, SEBI in January 2013 had invited applications and notified norms for setting up of a regulatory body as Self-Regulatory Organisation (**SRO**).

Subsequently, Institution for Mutual Fund Intermediaries (**IMFI**), Financial Planning Supervisory Foundation (**FPSF**) and Organisation of Financial Distributors (**OFD**) had applied for the same. IMFI was given the approval by SEBI on 6th February,2014.

FPSF aggrieved by SEBI's decision on SRO, had moved before the Securities Appellate Tribunal (**SAT**) against SEBI's letter appointing IMFI as SRO.

The FPSF challenged SEBI's decision on three counts. First, it contended that IMFI was ineligible to become an SRO as it was not a company under Section 25 of the Companies Act, 1956, as on the cut-off date for submitting applications (July 31, 2013), and hence, SEBI should have rejected IMFI's application.

The next ground of contention was that selection of IMFI automatically amounted to rejection of FPSF's application. Under Regulation 10 of SRO Regulations, SEBI was mandatorily required to give an opportunity of hearing before rejecting the application submitted by FPSF. Since an opportunity was not given before rejecting the application, FPSF prayed that SEBI's decision was liable to be set aside.

Finally, FPSF contended that SEBI was biased in favour of IMFI even before inviting applications for SRO and hence, its decision should be set aside.

SAT has set aside SEBI's decision to appoint the IMFI as SRO for mutual fund distributors. SAT directed SEBI to select an applicant for an SRO afresh in accordance with law.

SAT held that SEBI was not justified in granting in-principle approval to IMFI before granting opportunity of hearing to FPSF as contemplated under Regulation 10 of SRO Regulations. Thus, opportunity of hearing has to be given to the unsuccessful applicants at the time of selecting and granting in-principle approval to the successful applicant. - ***[Financial Planning Supervisory Foundation v. SEBI & IMFI, 30th September, 2015, (SAT)]***

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COMETITION

1. CCI IMPOSED PENALTY ON KERELA FILM EXHIBITORS ASSOCIATION AND IT'S TWO OFFICE BEARERS FOR CONTRAVENING COMPETITION LAW

In this case, the Informant, M/s Crown Theatre, had approached CCI alleging anti-competitive conduct by Kerala Film Exhibitors Federation (**KFEF**) in not allowing screening of Malayalam and Tamil films in its theatre since May 2013.

Consequent upon detailed investigation by Director General, CCI found that the conduct of KFEF amounted to limiting and restricting the provision of films in the market. It was found that due to its differences with the Informant, KFEF ensured that the Informant did not receive Malayalam and Tamil movies for release in its theatre. Such denial of Tamil and Malayalam language movies for screening due to the interference of KFEF was found to be in contravention of section 3(1) read with section 3(3)(b) of the Act.

CCI observed that the distributors in the film industry denied Malayalam/Tamil films to the Informant due to the ban imposed by KFEF. They apprehended that non-observance of the directions of KFEF would result in their boycott as well by the members of KFEF.

Accordingly, CCI held that KFEF has indulged in anti-competitive conduct in violation of the provisions of section 3(3)(b) read with section 3(1) of the Act. Further, two of its office bearers, namely, Mr. P.V. Basheer Ahmed (President, KFEF) and Mr. M.C. Bobby (Secretary, KFEF) were found to be in-charge of and responsible for the conduct of business of KFEF during the relevant period under section 48 of the Act.

While imposing penalty under section 27 of the Act, the Commission observed that the objective of penalty is to discipline the erring entities for their anti-competitive conduct as well as to create deterrence to prevent future contraventions.

Further, KFEF has been directed not to associate the officials with its affairs, including administration, management and governance, in any manner for a period of two years. Furthermore, KFEF has been directed to organize, in letter and spirit, at least five competition awareness and compliance programmes over next six months in the State of Kerala for its members. The compliance of this shall commence before expiry of 60 days from the receipt of the order by Opposite Party. ***- [M/s. Crown Theatre v. Kerala Film Exhibitors Federation (KFEF), 8th September, 2015, (CCI)]***

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INDIRCT TAXES

a. CUSTOMS

1. LEVY OF PROVISIONAL SAFEGUARD DUTY ON HOT-ROLLED FLAT PRODUCTS

Provisional safeguard duty levied on Hot-rolled flat products of non-alloy and other alloy Steel in coils of a width of 600 mm or more [heading 7208 or tariff item 7225 30 90] at the rate of 20% for a period of 200 days. ***- [Notification No. 2/2015-Customs (SG), dated 14th September, 2015]***

2. LEVY OF ADD ON IMPORTS OF ACRYLONITRILE BUTADIENE RUBBER EXTENDED

Anti-dumping duty (**ADD**) on imports of Acrylonitrile Butadiene Rubber (**NBR**) falling under Chapter 40 of the First Schedule to the Customs Tariff Act, 1975, originating in or exported from Korea RP has been extended for a further period of five years. ***- [Notification No.***

46/2015-Customs (ADD), dated 4th of September, 2015]

3. LEVY OF ADD ON IMPORTS OF FLOAT GLASS EXTENDED

Anti-dumping duty on imports of Float Glass of thickness 2 mm to 12 mm (both inclusive) of clear as well as tinted variety (other than green glass) but not including reflective glass, processed glass meant for decorative, industrial or automotive purposes falling under chapter heading 7005 of the First Schedule to the Customs Tariff Act, originating in or exported from the Peoples' Republic of China has been extended for a further period of five years. ***- [Notification No. 47/2015-Customs (ADD), dated 8th of September, 2015]***

4. CUSTOMS DUTY IS PAYABLE ON THE QUANTITY RECEIVED IN INDIA, NOT THE QUANTITY EXPORTED FROM ANOTHER COUNTRY: SC

In the instant case, the Hon'ble Apex Court has held that the goods are said to be imported into India when they are brought into India from a place outside India. Unless such goods are brought into India, the act of importation which triggers the levy does not take place. If the goods are pilfered after they are unloaded or lost or destroyed at any time before clearance for home consumption or deposit in a warehouse, the importer is not liable to pay the duty leviable on such goods.

Under Section 23(2) the owner of the imported goods may also at any time before such orders have been made relinquish his title to the goods and shall not be liable to pay any duty thereon.

Further, as per Section 47 of the Customs Act, the importer has to pay import duty only on goods that are entered for home consumption. Obviously, the quantity of goods imported will be the quantity of goods at the time they are entered for home consumption.

Hon'ble Supreme Court held that duty is payable on the quantity received in India, not the quantity exported from another country. It is clear that the levy of customs duty under Section 12 is only on goods imported into India. ***- [Mangalore Ref And Petrochemicals Ltd v. Commissioner of Customs, Mangalore, dated 2nd September, 2015 (Supreme Court)]***

5. DUTY DRAWBACK CAN BE CLAIMED ON SAFEGUARD DUTIES: CBEC CIRCULAR

The Central Board of Excise & Customs (**CBEC**) has issued a circular clarifying that Safeguard duties are rebatable as Drawback in terms of Section 75 of the Customs Act and the drawback of such Safeguard Duties can be claimed under an application for Brand Rate under Rule 6 or Rule 7 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995. This would necessarily mean that drawback shall be admissible only where the inputs which suffered Safeguard Duties were actually used in the manufacture of the export goods.

Further, where imported goods subject to Safeguard Duties are exported out of the country as such, then the Drawback payable under Section 74 of the Customs Act would also include the incidence of Safeguard Duties as part of total duties paid, subject to fulfilment of other conditions. ***- [Circular No. 23/2015-Customs, dated 29th September, 2015]***

b. CENTRAL EXCISE

1. CONDITIONS, SAFEGUARDS AND PROCEDURE FOR SUPPLY OF EOU

PRODUCTS TO BE EXPORTED FROM NOTIFIED DTA

The Central Board of Excise and Customs (**CBEC**) issued this Notification stipulating conditions, safeguards and procedures for supply of items like tags, labels, printed bags, stickers, belts, buttons and hangers produced or manufactured in an Export Oriented Undertaking (**EOU**) and cleared without payment of duty to a Domestic Tariff Area (**DTA**) unit in terms of Para 6.09 (g) of Foreign Trade Policy, 2015-20, for the purpose of their exportation out of India. The conditions *inter-alia* include-

(i) a general bond for a sum equal to the duty chargeable on the specified goods, with 5% of this as security in the form of bank guarantee or cash;
(ii) export from the DTA unit within six months;
(iii) shipping bill of the DTA unit to specify details of these goods and contain the name and IEC code of both the EOU and the DTA manufacturer;
(iv) DTA exporter shall apply for export incentives based on the Freight On Board (FOB) value of the consignment exported minus the value of specified goods.

- [Notification No. 20/2015 -Central Excise (N.T.), dated 24th September, 2015]

2. CLARIFICATION REGARDING BINDING NATURE OF CIRCULAR AND INSTRUCTIONS ISSUED BY CBEC

CBEC has issued this important circular regarding the binding nature of its circulars and instructions. A large number of judgements have been delivered by the Supreme Court on various aspects of central excise, service tax or customs. The issue was whether field formations should be bound by these judgements or by the board circulars or instructions that differ from these. The issue arose because CBEC was not amending or withdrawing circulars conflicting with the judgements.

Now, CBEC has clearly stated that all instructions should conform to the law laid by the SC or HC, as the case may be, irrespective of what the circulars might say.

It has been clarified that the Board Circulars contrary to the judgements of Hon'ble Supreme Court become *non-est* in law and should not be followed. All pending cases on the issue, including those in the Call-Book, decided after the date of the judgement should, conform to the law laid by the Hon'ble Supreme Court or High Court, as the case may be, irrespective of whether the circular has been rescinded or not.

These directions also apply to the judgements of Hon'ble High Court where Board has decided that no appeal would be filed on merit. However, where appeal has been filed by revenue against the High Court's order, pending adjudication should be transferred to the Call-Book and such appeals should be kept alive. ***- [Circular No. 1006/13/2015-CX, dated 21st September,2015]***

3. CONVERSION FROM EOU TO DTA: NO REQUIREMENT TO REVERSE CARRY-OVER OF UNUTILIZED CREDIT LYING IN BALANCE: CESTAT, MUMBAI BENCH

The relevant facts of the present case are that the appellant had converted its EOU into DTA unit on 08.08.2011. On conversion into DTA unit, the appellant had discharged the applicable duties on the inputs in stock, inputs contained in finished goods and Work in Progress (**WIP**) due to the reason that being a EOU they had received inputs without payment of duty. After reversing/paying the duty on conversion to DTA there was a carry-over of unutilized credit lying in balance. This credit was utilized towards

discharge of the duty liability in respect of goods cleared from DTA unit. This was objected to by the department.
After considering the submissions made by both sides, the Bench observed as follows-

"We find from the impugned order that the adjudicating authority has not disputed the fact that the appellant utilized the carried forward CENVAT credit towards discharge of their duty liability in respect of goods i.e. aggregates, components and parts of tractors. This undisputed facts would mean that the appellant herein was not manufacturing only exempted agricultural tractors but was also manufacturing other products on which duty liability arises. It can be seen from bare perusal of the rule 11(3) of CCR, 2004 that the same will apply only in a situation where final products are exempted and lying in stock".

Hon'ble Tribunal held that the above sub-rule (3) may not be applicable in the facts of this case which is not disputed that there is a discharge of Central Excise duty liability on the other finished products manufactured and cleared like aggregates, components & parts of tractors. Accordingly, the impugned order is unsustainable and the same is set aside and the appeal is allowed. - ***[M/s John Deere India Pvt Ltd vs. CCE, Pune, dated 8th September, 2015 (CESTAT)]***

c. SERVICE TAX

1. COSTS INCURRED BY THE APPELLANT BEYOND THE TERRITORIAL WATERS OF INDIA CANNOT BE INCLUDED IN TAXABLE VALUE: CESTAT, MUMBAI BENCH

In this case, the Appellant had undertaken advertisement campaign for Ministry of Tourism , GOI, in print and electronic media and outdoor hoardings in London, NY & Paris. Hon'ble Tribunal, after due hearing has held that media costs incurred by the appellant beyond the territorial waters of India is not includible in taxable value. Accordingly, impugned order is set aside and the appeal is allowed. - ***[M/s Grey Worldwide (India) Pvt Ltd vs. CST, Mumbai, dated 20th August, 2015 (CESTAT)]***

2. APPELLATE AUTHORITY CANNOT GO BEYOND THE ALLEGATIONS MADE IN THE SHOW-CAUSE NOTICE: CESTAT, MUMBAI BENCH

In the instant case, the demand was raised by Revenue under 'Maintenance & Repair Service'. Commissioner (A) (First Appellate Authority) dropping demand for the period 2004-05 to 15.05.2008 but it confirmed the tax liability for the period 16.05.2008 to 31.03.2009 under the category of 'Supply of Tangible Goods" service.

Hon'ble tribunal observed that there was no proposal for clarification of the services rendered by the appellant under the category of "supply of tangible goods".

Hence, it was held that the first appellate authority has gone beyond the allegations made in the show-cause notice by upholding the demand under the category of "supply of tangible goods" service. In our view, the impugned order to that extent it confirms the service tax liability from 16.5.2008 under the category of "supply of tangible goods" service is unsustainable as traversing beyond the allegation made in the show-cause notice. Thus the appeal to the extent as filed by the assessee was allowed and the impugned order to that extent which was challenged before the tribunal was set aside. - ***[Metal Craft Enterprises v. CCE, Raigad, dated 2nd September, 2015 (CESTAT)]***

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INTELLECTUAL PROPERTY RIGHTS

1. NO IDENTITY OR DECEPTIVE SIMILARITY BETWEEN THE MARKS "AMERICAN EAGLE" AND "URBAN EAGLE": DELHI HC

In this case, the Plaintiff was the owner of the trade mark "AMERICAN EAGLE OUTFITTERS / AMERICAN EAGLE". It was the case of the Plaintiff that the Defendants were involved in the same business as of Plaintiff *i.e.* clothing under the trademark "URBAN EAGLE AUTHENTIC OUTFITTERS" and it amounted to infringement. Defendants suggested to remove the same from its trade mark the expression "AUTHENTIC OUTFITTERS" leaving only the expression and trade mark "URBAN EAGLE". The offer of the defendants was, however, not acceptable to the plaintiff and it was argued by the plaintiff that the defendants must not use the eagle device at all and defendants must not use the trade mark "URBAN EAGLE".

Hon'ble Delhi High Court observed that Plaintiff cannot be allowed exclusive appropriation of the word "Eagle" as there is not only one eagle in this world and eagle as a name cannot be allowed to be appropriated exclusively by any one producer of any type of goods.

It was held that since there was no identity or deceptive similarity between the marks "AMERICAN EAGLE" and "URBAN EAGLE" and there is sufficient amount of distinction between the two, especially in view of the fact that case of the plaintiff is also basically of combination of the word "EAGLE" with "AMERICAN" and not "EAGLE" in itself. ***- [Retail Royalty Company vs. Pantaloons Fashion & Retail Limited & Ors., dated 23rd September, 2015 (Delhi HC)]***

2. MARK "6004" HELD IDENTICAL OR DECEPTIVELY SIMILAR TO THE MARK "1001" WHEN USED IN A SAME BUSINESS: DELHI HC

In the present case, the plaintiff No.1 was the subsequent registered owner of the mark/numeral 1001 which was registered for more than five decades engaged in the manufacture and sale of paints, varnishes, polishes and other similar products. It wasthe case of the plaintiff that the defendants had adopted the trademark "6004" along with the "6004" Label which was identical to the "1001" Label of the plaintiff including the eye device and the color combination of red, white and yellow for identical products.

The Court observed and held that, the products of both parties were being purchased by illiterate and semi-literate persons. Most of the time, the painters and whitewash men when visit the market, they purchase the product mainly by identifying with colour combination, particular device and some combination of numeral. Thus, it prima facie appeared to the Court that the defendants had adopted the similar numeral eye device and colour combination in order to make easy amount which would create confusion and deception. ***- [Glossy Color & Paints Pvt Ltd & Anr . v. Mona Aggarwal & Ors, dated 9th September, 2015 (Delhi HC)]***

3. NO COPYRIGHT OVER THE DEVICE SWOOPING EAGLE: DELHI HC

In this case, it was argued on behalf of the plaintiff that the plaintiff had a copyright in their device of swooping eagle and the defendants therefore could not use its device of eagle. After hearing the Parties, the Hon'ble Court Held that the device of the eagle as used by the defendants was completely different from the device of the plaintiff because plaintiff's representation was a swooping eagle and the

defendants' representation was of a taking off or a flying eagle. There was also another reason to decline any claim of copyright in the device of the swooping eagle claimed by the plaintiff inasmuch as Section 13 of the Copyright Act, 1957 states that copyright is only with respect to an original artistic work and a swooping eagle device cannot by any stretch of imagination be said to be an original artistic work for the same to be a subject matter of copyright claimed by the plaintiff. ***-[Retail Royalty Company v. Pantaloons Fashion & Retail Limited & Ors., dated 23rd September, 2015 (Delhi HC)]***

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CONSUMER

1. CINEMA HALLS MUST PROVIDE FREE DRINKING WATER TO ALL MOVIE GOERS: NCDRC

In this case the National Consumer Disputes Redressal Commission (**NCDRC**) has ruled that Movie halls must provide free drinking water as it is a basic necessity and not everyone may be in a position to afford it at exorbitant rates. NCDRC observed that cinema owners are obligated to provide water as sometimes a consumer may even faint if he or she does not get water in time, adding that if a cinema hall while prohibiting carrying water inside fails to make portable drinking water available, it will be an act of deficiency in rendering services to them.

The NCDRC said if theatre owners compel consumers to buy expensive bottles from their cafeteria, they would be held liable for unfair trade practices. It also directed that appropriate water purifiers need to be installed with the water coolers and sufficient disposable glasses. It said that the theatres must ensure that the water supply is available throughout the movie hours. ***[Rupasi Multiplex v. Tripura State Consumer Disputes Redressal Commission, 10th September, 2015, (NCDRC)]***

2. FOR SEEKING CRIMINAL REMEDY UNDER CONSUMER ACT IT IS NOT A PRE-REQUISITE THAT COMPLAINANT MUST HAVE EXHAUSTED CIVIL REMEDY UNDER SECTION 25: NCDRC

The question that came before the NCDRC was whether a consumer can directly initiate criminal proceedings under section 27 without first availing of the civil remedy under section 25.

In this case the Complainant, Shrinivgas Trimbak Joshi, filed a complaint against Hemangi Harishchandra Gund before a district consumer forum. Gund was held liable to pay Rs. 4,80,000/- along with interest at 18 per cent per annum and Rs. 5,000/- towards litigation costs. In appeal, the Maharashtra state commission upheld the order, but reduced the rate of interest from 18 per cent to 12 per cent.

But Gund refused to comply with the order. Joshi filed execution proceedings before the district forum, which sentenced Gund to imprisonment for a period of six months for disobeying of its order. Gund moved to the state commission challenging the sentence of imprisonment, but the appeal was dismissed with further penalty of Rs 1,000/-.

Gund finally approached the NCDRC in revision. The main argument was that the criminal proceedings ought not to have been initiated without first exhausting the civil remedy for recovery of the decretal amount.

NCDRC observed and held that Section 25 and Section 27 are independent. When there is non-compliance of an order, it is up to the consumer to choose under which section he wants to proceed for disobedience of the order. There is no stipulation under the Consumer Protection Act that a complainant can have recourse to provisions of section 27 only after he has exhausted the remedy under section 25 of the Act. ***- [Hemangi Harishchandra Gund & Other v. Shrinivgas Trimbak Joshi and another, 18th September, 2015, (NCDRC)]***

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ENVIRONMENT

1. NGT TURNS DOWN PROPOSAL FOR NAYACHAR THERMAL POWER PROJECT

The Kolkata bench of National Green Tribunal (**NGT**) rejected the proposal to set up a thermal power station in Nayachar island as it violated the coastal regulations zone (**CRZ**) and it was against the policy of sustainable development. ***- [The Times of India, dated 16th September, 2015]***

2. NGT SEEKS DATA ON THE NUMBER OF VEHICLES ENTERING DELHI FROM ALL ENTRY POINTS

In order to check pollution levels in Delhi, NGT sought data on the number of vehicles entering Delhi from all entry points. ***- [The Hindu, dated 30th September, 2015]***

3. NGT ISSUES NOTICE TO CENTRE ON PLEA SEEKING BAN ON TOBACCO

Hearing a plea by a doctors' body seeking prohibition on consumption of tobacco in all public places and their proper disposal, the NGT issued notice to Ministry of Environment and Forest, Ministry of Health and Family Welfare and Central Pollution Control Board while seeking their replies by November 2, 2015. ***- [Business Standard, dated 28th September, 2015]***

4. EAST DELHI MUNICIPAL CORPORATION FINED FOR BURNING WASTE

NGT has imposed a fine of Rs. 50,000 on East Delhi Municipal Corporation for indiscriminate dumping and burning of municipal solid waste in east Delhi.

In another case, the NGT has directed the Delhi government and the Centre to hold a meeting of the High Court appointed high-level committee to look into the menace of landfill sites in the city. ***- [The Times of India, dated 16th September, 2015]***

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