

# **LOVI MEHROTRA & ASSOCIATES**

CHARTERED ACCOUNTANTS

## **MONTHLY UPDATE DECEMBER 2018**

(Circulars/ Notifications released during the month of December 2018)

[RBI](#)

[SEBI](#)

[MCA](#)

**28<sup>th</sup> December, 2018**

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## I. RBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	RBI/2018-19/86 DBR.No.Ret.BC.1 0/12.02.001/201 8-19  Dated 5 <sup>th</sup> December, 2018	Maintenance of Statutory Liquidity Ratio (SLR) as per Banking Regulation Act, 1949	<p>RBI has decided to reduce the SLR requirement of banks by 25 basis points every calendar quarter from 19.50 per cent of their Net Demand and Time Liabilities (NDTL) to:</p> <ul style="list-style-type: none"> <li>• 19.25 per cent from January 5, 2019</li> <li>• 19.00 per cent from April 13, 2019</li> <li>• 19.00 per cent from April 13, 2019</li> <li>• 18.50 per cent from October 12, 2019</li> <li>• 18.25 per cent from January 4, 2020</li> <li>• 18.00 per cent from April 11, 2020</li> </ul> <p><a href="#">Notification</a></p>
2.	RBI/2018-19/87 DBR.BP.BC.No.12 /21.04.048/2018 -19  Dated 5 <sup>th</sup> December, 2018	Guidelines on Loan System for Delivery of Bank Credit	<p>RBI has prescribed guidelines for Delivery of Bank Credit to enhance credit discipline among the larger borrowers enjoying working capital facility from the banking system. Following is the brief of the guidelines issued:</p> <ul style="list-style-type: none"> <li>• Borrowers having aggregate fund based working capital limit of ₹1500 million and above from the banking system are required to maintain minimum level of 'loan component' of 40 percent. The 40 percent loan component will be revised to 60 percent, with effect from July 1, 2019</li> <li>• Under Multiple Banking Arrangements (MBAs), each bank is required to ensure adherence to these guidelines at individual bank level.</li> <li>• The amount and tenor of the loan component may be fixed by banks in consultation with the borrowers, subject to the tenor being not less than seven days. Banks may decide to split the loan component into Working Capital Loans with different maturity periods as per the needs of the borrowers.</li> <li>• Banks/consortia/syndicates will have the discretion to stipulate repayment of the WCLs in instalments or by way of a "bullet" repayment.</li> <li>• The undrawn portion of cash credit/ overdraft limits sanctioned shall attract a credit conversion factor of 20 percent</li> </ul> <p><a href="#">Notification</a></p>

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## II. SEBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY																	
1.	<p>Circular No.: SEBI/HO/CDMRD/DMP/CIR/P/2018/146</p> <p>Dated 30<sup>th</sup> November, 2018</p>	Trading hours for Commodity Derivatives Segment	<p>SEBI vide circular SEBI/HO/CDMRD/DMP/CIR/P/2016/75 dated August 30, 2016, had specified commodity category-wise time limits within which exchanges are permitted to fix trading hours for trading in derivatives contracts.</p> <p>Vide this circular, SEBI has brought about changes in the trade timings. The revised trade timings along with the previous timings is as under:</p> <table><tr><th rowspan="2">S. No.</th><th rowspan="2">Commodity Category</th><th rowspan="2">Trade Start Time</th><th colspan="2">Trade End time</th></tr><tr><th>After Start of US Day light Savings in Spring Season</th><th>After End of US Day light Savings in Fall Season</th></tr><tr><td>1.</td><td>Non-Agricultural Commodities</td><td>09:00 AM (Previously 10:00 AM)</td><td>11:30 PM (Previously 11:30 PM)</td><td>11:55 PM (Previously 11:55 PM)</td></tr><tr><td>2.</td><td>Agricultural and Agri-processed Commodities</td><td>09:00 AM (Previously 10:00 AM)</td><td>09:00 PM (Previously 09:00 PM)</td><td>09:00 PM (Previously 09:30 PM)</td></tr></table>	S. No.	Commodity Category	Trade Start Time	Trade End time		After Start of US Day light Savings in Spring Season	After End of US Day light Savings in Fall Season	1.	Non-Agricultural Commodities	09:00 AM (Previously 10:00 AM)	11:30 PM (Previously 11:30 PM)	11:55 PM (Previously 11:55 PM)	2.	Agricultural and Agri-processed Commodities	09:00 AM (Previously 10:00 AM)	09:00 PM (Previously 09:00 PM)	09:00 PM (Previously 09:30 PM)
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2.	<p>No. SEBI/LAD-NRO/GN/2018/48</p> <p>Dated 3<sup>rd</sup> December, 2018</p>	Securities and Exchange Board of India (Settlement Proceeding) Regulations, 2018	<p><a href="#">Circular</a></p> <p>These regulations mainly deal with the settlement of proceedings that may be initiated by SEBI/Board or have been initiated and are pending before the Board</p> <p>The Regulation deals with the following issues:</p> <ul style="list-style-type: none"><li>Application, scope and terms of settlement</li><li>Procedure of Settlement</li><li>Committees</li><li>Summary Settlement Procedure</li><li>Notice of Settlement and Orders</li><li>Settlement with confidentiality</li><li>Miscellaneous provisions</li></ul> <p><a href="#">Circular</a></p>																	
	<p>Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2018/0000000149</p>	Disclosure of significant beneficial ownership in the shareholding pattern	<p>Vide this circular, SEBI has specified disclosure of details pertaining to significant beneficial owners in the prescribed format which is required to be made by the listed entities.</p> <p>This circular is in line with the MCA notification dated June</p>																	

3.	<p>Dated 7<sup>th</sup> December, 2018</p> <p>Reference: SEBI Circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015</p>		<p>14, 2018 vide which the Companies (Significant Beneficial Owners) Rules, 2018 were notified.</p> <p>This Circular shall come into force with effect from the quarter ended March 31, 2019.</p> <p><a href="#">Circular</a></p>
4.	<p>Circular No.: SEBI/HO/IMD/FPIC/CIR/P/2018/150</p> <p>Dated 13<sup>th</sup> December, 2018</p> <p>Reference: SEBI Circular No. CIR/IMD/FPIC/CIR/P/2018/64 dated April 10, 2018 and; SEBI/HO/IMD/FPIC/CIR/P/2018/66 dated April 10, 2018</p>	<p>Clarification on clubbing of investment limits of Foreign Portfolio Investors ("FPIs")</p>	<p>Vide this circular, SEBI has clarified that Beneficial ownership criteria in Prevention of Money-laundering (Maintenance of Records) Rules, 2005 will be applicable for the purpose of KYC only and not for clubbing of investments of FPIs.</p> <p>Accordingly, the necessary provisions of the SEBI Circular 'Clarification on clubbing of investment limits of foreign Government/ foreign Government related entities' dated April 10, 2018 stands modified to the extent of incorporation of the aforesaid.</p> <p><a href="#">Circular</a></p>
5.	<p>Circular No.: CIR/MRD/DP/158/2018</p> <p>Dated 27<sup>th</sup> December, 2018</p>	<p>Change of Name in the Beneficial Owner(BO) Account with Depositories</p>	<p>Vide this circular, SEBI has specified certain documents that are required to be submitted to the Depositories for change of name in the Beneficial Owner (BO) Account for reasons other than marriage. Such documents are:</p> <ul style="list-style-type: none"> <li>• Request letter for change of name;</li> <li>• Sworn affidavit executed before the Notary Public/ Magistrate of First Class/ Executive Magistrate mentioning the reason for change of name and his complete address;</li> <li>• Paper publication in one local newspaper and one national newspaper; and</li> <li>• KYC in changed name</li> </ul> <p>SEBI has also directed Depositories to implement the provisions of this circular within 3 months from the date of issue.</p> <p><a href="#">Circular</a></p>

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### III. MCA

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	Notification No. G.S.R. 1157(E).  Dated: 3 <sup>rd</sup> December, 2018	Companies (Cost Records and Audit) Amendment Rules, 2018	<p>MCA has modified the Companies (Cost Records and Audit) Rules, 2014. Following amendments have been made in the said rules:</p> <ul style="list-style-type: none"> <li>✚ Rule 3 pertaining to application of cost record to Non-regulated sectors</li> <li>✚ Rule 6 pertaining to cost audit report required to be furnished to Central Government</li> <li>✚ Modifications in Form CRA-1 (Particulars relating to the items of costs to be included in the Books of Accounts) and CRA-3 (Form of Cost Audit Report)</li> </ul> <p><a href="#">Notification</a></p>
2.	General Circular No. 12/2018  Dated 13 <sup>th</sup> December, 2018	Extension of last date of filing of Form NFRA-1	<p>The time limit for filing of form NFRA-1 has been revised from 'within 30 days of the commencement of NFRA rules' to '30 days from the deployment of Form NFRA-1 on website of MCA/NFRA' for all bodies corporate governed by the rules (excluding companies as defined under sub-section (20) of section 2 of the Companies Act, 2013, which are not required to file this Form).</p> <p><a href="#">Circular</a></p>
3.	G.S.R. 1218(E).  Dated 18 <sup>th</sup> December, 2018	Companies (Registration of Charges) Second Amendment Rules, 2018	<p>MCA has notified the Companies (Registration of Charges) Second Amendment Rules, 2018 to further amend the Companies (Registration of Charges) Rules, 2014.</p> <p>As per the amended rules, Form CHG-4 required to be filed for satisfaction of charges is modified.</p> <p><a href="#">Notification</a></p>
4.	General Circular No. /2018  Dated 18 <sup>th</sup> December, 2018	Companies (Incorporation) Fourth Amendment Rules, 2018	<p>MCA has notified the Companies (Incorporation) Fourth Amendment Rules, 2018 to further amend the Companies (Incorporation) Rules, 2014. Following amendments have been made in the said rules:</p> <ul style="list-style-type: none"> <li>• Rule 23A - Declaration at the time of commencement of business</li> <li>• Rule 40 - Application to Regional Director for change in financial year</li> <li>• Rule 41 - Application for conversion of public company into private company</li> </ul>

			<a href="#">Notification</a>
5.	S.O. 6225 (E) Dated 18 <sup>th</sup> December, 2018	Delegation of powers to Regional Directors	<p>Vide this notification, Central Government has delegated following powers to the Regional Directors of respective regions:</p> <ul style="list-style-type: none"> <li>• Approval for alteration in Articles of Association having the effect of conversion of Public Company into Private Company</li> <li>• Application for change in Financial Year of a company or body corporate</li> </ul> <p><a href="#">Notification</a></p>

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**Disclaimer:**

This is not a complete listing of all circulars/notifications issued during the month.

Instead it is only a listing of some of the circulars/notifications that we considered important.