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EDITORIAL

BANKS - NEED FOR BETTER FUNCTIONING



CA Vinod Jain*

Convener National Economic Forum, Former Chairman BoS and Member Central Council Institute of Chartered Accountants of India

The issues of proper Financial Management and Corporate Governance have taken a centre stage. The Public Sector Banks as well as Private Sector Banks are witnessing acute rise in non-performing assets, moving up to 4.6% in March, 2015, whereas stressed advances have increased to 11.1% of the total advance, from 8% about 2 year ago. The major reasons as per a research of a large sample are as follows:

- Diversion of Funds to unrelated business or fraud 27% cases
- Lapses in initial borrower due diligence 34% cases
- Post disbursement monitoring being inefficient 54% cases
- High leverage - debt equity ratio 25% cases
- High Interest Burden making the unit unviable 35% cases
- Adverse Trade Cycle, Management inefficiency, and other External reasons 20% cases
- Untimely financial support, delay in financial closure 10% cases

There could be number of other factors resulting in increase in non-performing assets. The public sector banks had hived off a big portion of their non-performing assets to Assets Reconstruction Companies in the past. Due to several complaints of mismanagement, serving only promoter interest and alleged frauds, the banks have now become cautious. Public sector banks NPA include government led programmes, sovereign issues like 2G, Coal Scam cases and the like. Apprehension of CBI and Vigilance Commission is another cause of inability to play real developmental role and timely support. Private Sector Banks as well as Public Sector Banks can now be accountable with level playing field.

The private sector banks NPA levels are a little low comparatively, as the Private banks have either hived off or compromised or otherwise settled bad loans, with structured informal arrangements with the buyer of loans. Private sector banks do not have any development mandate and primarily extended loans with high yield, retail, secured, large creamy borrowers and non-fund based business, Private sector has neither funded infrastructure, agriculture, crops, nor participated in Jandhan Yojna or other Government scheme. Even the priority sector lending, by private sector banks as well as foreign banks are mainly structured advances.

Banking Sector including private sector banks is having very good earning level. The interest rates spread (gap between lending and deposit rate) is the highest in India. Internationally the interest spread range from 0.5% to 3%, and whereas in India the spread is between 2% to 12%.

The banks have grown manifold in terms of size of loans and deposits in last 2 decades. The working inefficiency and lack of competition have kept most of the banks relax. The banking sector as a whole is not very competitive in India. The Banks incur heavy cost on salaries (Salary levels of public sector and private sector are having very wide gap.), perquisites, luxurious offices, huge overheads. The banks still make very good profit because of lack of competition. The new bank licenses are being extended mainly to foreign owned promoters. Indian promoters are left high and dry for being "selective". All banks need to be monitored to serve the purpose of financial inclusion.

It is further noted that in spite of serious efforts of the government and initiative at the end of Reserve Bank of India, the banks in India have not reduced their interest rates. **The message is loud and clear that the regulator is not able to bring in adequate competition among the banks and the interest rates being very high, the industry and businesses are suffering.** It is very important to allow Indian domestic promoters to promote large number of banks. The regulator need to give reasonable freedom to banks and promote adequate competition to not only reduce the interest rate but also

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**LATEST IN FINANCE****1.0 RBI allows Partial Credit Enhancement in Corporate Bonds**

The Reserve Bank of India has allowed banks to provide Partial Credit Enhancement (PCE) to bonds issued by Corporate/Special Purpose Vehicles (SPVs) for funding all types of projects, subject to guidelines.

Banks can now provide PCE to a project as a non-funded subordinated facility in the form of an irrevocable contingent line of credit, which will be drawn in case of shortfall in cash flows for servicing the bonds and, thereby, improve the credit rating of the bond issue.

The aggregate PCE provided by all banks for a given bond issue shall be limited to 20% of the bond issue size and the PCE facility shall be provided at the time of the bond issue and will be irrevocable. Banks may offer PCE only in respect of bonds whose pre-enhanced rating is BBB-minus or better.

Banks cannot provide PCE by way of guarantee and those providing PCE to bonds issued by a corporate/SPV will not be eligible to invest in those bonds. They can, however, provide other need-based credit facilities (funded and/or non-funded) to the corporate/SPV.

PCE exposure to a single counterparty or group of counterparties shall not exceed 5% of the bank's single borrower/group borrower limit to the counterparty to whom the PCE is provided. The aggregate PCE exposure of a bank shall not exceed 20% of its Tier-1 capital.

2.0 More power to banks to change ownership of stressed firms

Reserve Bank of India has further enhanced the ability of banks to effect 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 in June 2015 had allowed banks, at their discretion, to undertake SDR by converting loan dues to equity shares. Change in ownership may be by way of sale by the lenders, to a new promoter, of shares acquired by invocation of pledge or by conversion of debt of the borrower into equity outside SDR, or bringing in a new promoter by issue of fresh shares by the

borrowing entity or acquisition of the borrowing entity by another entity.

At the time of takeover of the borrowing entity by a 'new promoter', banks may refinance the existing debt of the borrowing entities, considering the changed risk profile. RBI and SEBI have also exempted such cases from Takeover Code and guidelines of such issue in case of Listed Companies.

3.0 RBI allows importers to raise trade credit in rupees

The Reserve Bank of India has decided to allow resident importers to raise trade credit in rupees, with riders. It can be raised after entering into a loan agreement with a foreign lender. Trade credit can be raised for import of all items, except gold. The credit period for import of non-capital goods can be up to a year from the date of shipment or up to the operating cycle, whichever is lower. The trade credit period for import of capital goods can be up to five years from the date of shipment. No roll-over or extension can be permitted by a bank beyond the permissible period.

Banks can permit trade credit up to \$20 million equivalent per import transaction. They may give a 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. The all-in-cost of such rupee-denominated trade credit should be commensurate with prevailing market conditions. Foreign lenders of such trade credits will be eligible to hedge their exposure in rupees through permitted derivative products in the onshore market with a bank in India.

4.0 Government opens FDI door wider by allowing partly-paid shares.

The Centre has eased Foreign Direct Investment (FDI) norms by allowing partly-paid shares and warrants as eligible capital instruments. This means an Indian company looking to bring in funds can now issue such instruments without any approval. The Central Bank had, however, stipulated that the company issuing paid-up shares/warrants needs to ensure that sectoral caps are not breached even after the shares get fully paid-up or warrants get converted into fully paid equity shares



EDITORIAL

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Banks- Need for Better Functioning

bring in low cost high quality services to the common and poor man, small and mid- size businesses and are able to provide highly efficient and cost effective solution to large businesses.

Banks' Functioning

The banking sector severely suffers with lack of knowledge of accounting and fundamental principles of financial management. Most of the banking sector employees do not have even the basic understanding of accounting standards, corporate laws, taxation and regulatory framework in India. A comprehensive training of existing employees as well as a strategic decision about employing only those who understand financial services, accounting, taxation, corporate laws and regulatory framework, is very important.

The current practice of audits and inspection have brought in multiple Audits for example inspection audit, revenue audit, stock audit, credit monitoring audit, RBI inspection, concurrent audit and many other. This actually result into losing the real focus. It is important to have only 2 types of audit i.e. statutory audit and internal audit.

The scope of statutory audit is required to be enlarged significantly and it is important that the statutory auditor is appointed for a period of 3 to 5 years for a branch, region, zone and the head office separately. The Institute and the Reserve Bank of India and government may consider extending the scope of statutory audit to include not only accounting, book keeping and internal control but also to undertake review of borrower to check the diversion of funds, fraud by the borrower, adequate due diligence of the borrower, post disbursement

monitoring and other important aspects. There could be specialized statutory auditors to look into specific industry borrowers and sectors specific borrowers including agriculture, non-corporate, small industries and businesses, mid segment and of course large complex corporate advances. The statutory auditors, who are highly specialized, may undertake monitoring of group exposure, structured advances, check window dressing by the borrower and to undertake a deep review to ensure early warning signal including suggesting curative actions.

The scope of internal audit, need to concentrate primarily on requirement of internal control system, transparent reporting, checks and balances, operational and proprietary audit. Internal Auditor should be independent of the bank management and should report directly to the Board on major operational and inefficiency issues.

The regulatory compliances, including compliance of all RBI guidelines and directions and circulars should be the responsibility of the internal auditor at various levels of the branch, region, zone, back office, treasury and various departments of the head office. The banking sector needs a big push to gain momentum to not only provide very low borrowing cost and competition. The banks should also be able to provide highly cost effective, most modern and latest banking products and services with the support of latest technology. This is a big task and requires a detailed fact finding research and an open debate towards strategic action and solution. The banks need to ensure that their charges for various services are reasonable so as to attract large number of Indians to regularly use the banking services with modern working and local Indian touch.

5.0 Participatory notes are regulated under the law: Delhi High Court

Delhi High Court said that Participatory Notes (P-Notes) are not illegal and were regulated under the law.

What are Participatory Notes?

Participatory Notes are pass through certificates to pass the earnings and growth of underlying securities to the beneficial owners of the PTCs. P-Notes are part of Offshore Derivative Instruments (ODI) which are issued by or on behalf of Foreign Portfolio Investors (FPI) and are “generated, operated and destroyed” outside

India. P-Notes were regulated instruments and placed before the court. Offshore Derivative Instruments (ODIs) include P-Notes and such other instruments which are entered into by FPIs in stock exchanges in India.

6.0 Review of Equity Investment by Banks

To give more operational freedom and flexibility in decision making, it is advised that banks which have CRAR of 10 per cent or more and have also made net profit as on March 31 of the previous year, need not approach Reserve Bank of India for prior approval for equity investments in cases where after such investment, the holding of the



bank remains less than 10 per cent of the investee company's paid up capital, and the holding of the bank, along with its subsidiaries or joint ventures or entities continues to remain less than 20 per cent of the investee company's paid up capital.

Source : CIRCULAR DBR.NO.FSD.BC.37/24.01.001/2015-16, DATED 16-9-2015

7.0 External Commercial Borrowings (ECB) Policy - Issuance of Rupee denominated bonds overseas

The broad contours of the framework are as follows:

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

8.0 Now, a Venture Fund for Women Entrepreneurs

Saha Fund at a Glance

- India's first Venture Capital Fund focused on women entrepreneurship
- Fund to invest in companies run by women founders; firms with majority women employees
- Fund will also invest in companies that are creating services or products for women and children

9.0 Cabinet approves Gold Monetisation Scheme and Gold Bonds

The Cabinet approved Gold Bond and Gold Monetisation schemes to reduce the India's Gold demand and import and to put into use the precious metal with households across the country.

The bonds are denominated in grams of gold, and will be available in a variety of amounts starting from 5 grams. The investment is simple to understand. Instead of buying 10 grams of gold as investment, you buy a 10 gram gold bond, which will be available from banks, post offices and other places. The minimum tenure of the bond is not yet set, but is likely to be five years.

After five years, you redeem the bond and get whatever is the value of 10 grams of gold. The difference is that you will also get an additional interest amount, over and above the gold value. Moreover, the Department of Revenue has agreed to amend the Income-Tax (I-T) Act so that buying and selling these bonds will have exactly the same tax treatment as physical gold.

10.0 New system to counter Credit Card Fraud

Researchers have developed an inexpensive and secure method to prevent mass credit card fraud, using existing magnetic card readers. The new technique, called *Safepay*, works by transforming the disposable credit card information to electrical current and driving a magnetic card chip to simulate the behaviour of physical magnetic card.

11.0 Defence Industrial License validity enhanced

The government decided to increase the validity of industrial licenses to 15 years, with a provision to further extend up to 18 years. The Commerce and Industry Ministry said this was being done in the view of the long gestation period of defence contracts to mature.

CORPORATE LAWS

1.0 Banks can soon take E-route to speed up DRT Redressal

Indian banks may soon be able to settle their grievances with Debt Recovery Tribunals (DRTs) at a faster pace as proceedings go online. The Finance Ministry is planning to computerise the entire operations of the DRTs and do away with unnecessary procedures. There will be provision for only two hearings- interim and final. All other procedures will be eliminated.

2.0 Principle of alter ego can't be applied in reverse direction to make directors liable for an offence committed by company.

The Supreme Court of India held that principle of alter ego can only be applied to make company



liable for an act committed by a person or group of persons who control affairs of company as they represent alter ego of company; however it cannot be applied in reverse direction to make directors of company liable for an offence committed by company.

Sunil Bharti Mittal v. Central Bureau of Investigation [2015] 61 taxmann.com 220

3.0 Haryana increases minimum wages

The Government revised its minimum wages to provide for a 29% wage increase to unskilled and 48% to highly skilled workers. The rise will be effective from November 1, 2015.

4.0 Companies Act, 2013 - Alteration in Schedule III of said Act

The disclosure requirements in Schedule III (Performa for Financial Statements) has been enlarged providing for additional disclosure in respect of dues and interest due to Micro, Small and Medium Enterprises which is to be disclosed in Notes. This notification shall come into force on the date of its publication in the Official Gazette.

Source: NOTIFICATION GSR NO. 679(E) [F.NO.1/19/2013/CL.V], DATED 4-9-2015

CAPITAL MARKET

1.0 SEBI tweaks disclosure norms for listed companies

To enable investors take informed investment decisions, SEBI has made it mandatory for listed entities to furnish details, such as the reasons for undertaking corporate decisions including mergers, stock splits, rating revision, capacity and expansion. These disclosures are to be filed with stock exchanges within the time prescribed.

2.0 BSE Self-trade prevention

Bombay Stock Exchange has initiated a unique technique using the Permanent Account Number details available in the exchange records, the check shall help prevent matching between a buy and a sell order of a client placed by different members in the same order book," the exchange said. This will prevent self trade.

3.0 SEBI seeks greater NBFC disclosures.

The Securities and Exchange Board of India (SEBI) has asked Non-Banking Financial

Companies (NBFCs) to issue detailed disclosures while launching a public offer of debt securities to raise funds.

The NBFCs would now need to disclose

- Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, against the current requirement for top 10 borrowers.
- The details of loans, which are overdue and classified as non-performing according to RBI guidelines.
- If any of the borrowers of the NBFCs form part of the 'group' as defined by RBI, appropriate disclosures would need to be made in a prescribed format.
- The name of all such borrowers, the amount of advances, and the percentage of total assets under management.
- These disclosures would include a portfolio summary on the sectors to which the NBFCs have lent.
- The quantum and percentage of secured and unsecured borrowings would also need to be mentioned.

4.0 SEBI notifies revised listing regulations

The Securities and Exchange Board of India has notified amended listing regulations that allow listed companies to seek shareholders' approval for related party deals through ordinary resolutions

This pertains to "passing of ordinary resolution instead of special resolution in the case of all material related party transactions subject to related parties abstaining from voting on such resolutions, in line with the provisions of the Companies Act, 2013", the regulator noted.

DIRECT TAXATION

1.0 Computation of Presumptive Income

For the purpose of computing the presumptive income of the assessee under Section 44BB, the service-tax collected by the assessee on the amount paid for rendering services is not to be included in the gross receipt in terms of Section 44BB(2) read with Section 44BB(1).

Director of Income tax-I v. Mitchell Drilling International (P.) Ltd. [2015] 62 taxmann.com 24 (Delhi)



2.0 Government exempts Foreign Companies without permanent establishments from paying MAT

The government has said the controversial Minimum Alternate Tax (MAT) will not apply to foreign companies that do not have a permanent establishment or a place of business in India, putting to rest another lingering tax issue. The government will amend the Income Tax Act, 1961, retrospectively from April 1, 2001, to give effect to this decision and ensure that past cases are not opened.

The ministry said Section 115JB, which deals with the levy of MAT, will not apply to a foreign company in two instances.

- If it is a resident of a country with which India has a double taxation avoidance agreement and it does not have a permanent establishment India.
- If the foreign company is a resident of a country with which India does not have a double taxation avoidance agreement but is not required to seek registration under Section 592 of the Companies Act 1956 or Section 380 of the Companies Act 2013.

3.0 CBDT rules for Compounding Offences

The Central Board of Direct Taxes (CBDT) has issued guidelines for compounding of offences under Income Tax Act, 1961/Wealth Tax Act, 1957, in cases of persons holding undisclosed foreign bank accounts/assets.

4.0 Depreciation can be claimed on ponds designed for rearing/ breeding

The Supreme Court of India held that ponds which were specially designed for rearing/ breeding of the prawns have to be treated as tools of the business of the assessee and the depreciation was admissible on these at the rates applicable to plant and machinery.

Assistant Commissioner of Income-tax v. Victory Aqua Farm Ltd. [2015] 61 taxmann.com 166 (SC)

5.0 ISO audit- certification fee can't be treated as 'FTS'

The High Court of Bombay held that Audit work and certification would not come within realm of Fees for Technical Services under section 9(1)(vii) and under article 12(4) of Indo-German DTAA. No TDS is, therefore, involved.

Director of Income-tax, Mumbai v. TUV Bayren (India) Ltd [2015] 61 taxmann.com 443

6.0 Book entry of lease equalization fund made to comply with ICAI's guidance note is not includible in taxable income

The High Court of Bombay held that where lease equalisation fund was a mere book entry made to comply with Guidance Note issued by ICAI so as to meet Accounting Standards, assessee was justified in reducing amount credited in profit & loss account for purposes of determining income chargeable to tax.

Commissioner of Income-tax -3 v. Reliance Industrial Infrastructure Ltd [2015] 61 taxmann.com 407

7.0 I-T department receives ₹2 crore returns on e-filing portal till September 7

The income tax department has received ₹ 2.06 crore returns, up 26.12 per cent, on its e-filing portal as of September 7 - the last day for filing the returns by individuals.

INDIRECT TAXATION

1.0 No VAT on Software Implementation

Companies are not liable to pay any Value Added Tax (VAT) for the software "implementation" process, which happens after installation of customised software. The contention of the State that the process of implementation of IT software is a pre-sale activity and, therefore, constitutes sale is without substance and contrary to the law, the Court held in its recent verdict. In the process, there is no transfer of any goods or right to use any goods, what is rendered is service and therefore, said consideration paid as service charge is not subjected to VAT but subjected to service tax," the High Court ruled.

2.0 Construction of flats under a development agreement which are allotted to landowners are liable to service tax

The High Court of Madras held that flats allotted to landowner under a development agreement are prima facie liable to service tax based on price charged by assessee builder on flats sold to other flat owners.

Southern Properties & Promoters v. Commissioner of Central Excise [2015] 61 taxmann.com 423

3.0 Construction of classrooms and hostels for an educational institution is entitled to service-tax exemption

The High Court of Madras held that even assuming that education is an industry, exemption to 'civil construction services for educational



institutions' cannot be denied if said constructions are used other than for commerce/industry.

G. Ramamoorthi Constructions (I) (P.) Ltd. v. Commissioner (Adjudication), Commissioner of Central Excise, Customs and Service Taxes. [2015] 60 taxmann.com 469

4.0 Issue involving disallowance of Cenvat credit is appealable before High Court

The Supreme Court of India held that issues involving : (a) clandestine removal; (b) Cenvat credit; and (c) interest and penalties, are appealable before High Court; hence, Tribunal order involving them cannot be challenged before Supreme Court.

Commissioner of Central Excise v. Raj Petroleum Products [2015] 60 taxmann.com 412

5.0 TeleCos can avail credit of input services used for erection and installation of towers

The High Court of Madras held that prima facie, telecom service providers : (a) cannot take input or capital goods credit of credit of tower parts and shelters; however, (b) may take credit of 'Erection, Installation and Commissioning' and 'Commercial or Industrial Construction' services used for erection and installation of towers and shelters.

Aircel Ltd. v. Commissioner of Central Excise, Customs And Service Tax [2015] 61 taxmann.com 405

6.0 No excise duty on sum received due to price escalation if it isn't known at or before time of removal

The Supreme Court of India held that Duty is payable at place, price and time of clearance of goods; hence, price-escalation, which was not contemplated at or before time of removal, cannot form part of transaction value especially when there is no allegation of understatement of value.

Commissioner of Central Excise, Delhi-III v. Hitkari Fibres Ltd. [2015] 61 taxmann.com 419

7.0 Non-disclosure of a fact didn't amount to suppression if it wasn't legally required to be disclosed

The Supreme Court of India held that if there is no legal requirement to disclose proprietary interest in any other factory and financial matters as to payment of job-work charges by assessee, non-disclosure of said fact cannot amount to 'suppression' and therefore, extended period of limitation cannot be invoked.

Commissioner of Central Excise, Chennai-III v. Ranka Wires (P.) Ltd [2015] 61 taxmann.com 63

8.0 Imported goods eligible for SAD exemption only if VAT is leviable thereon

The Supreme Court of India held that if goods are tax-free and not chargeable to sales-tax on their resale by importer, the said goods cannot be exempted from Special Additional Duty (SAD) of customs or special CVD at time of import.

Commissioner of Customs, Mumbai-I v. Seiko Brushware India [2015] 61 taxmann.com 167

9.0 The High Court of Madras held that M.S. Plates, M.S. Angles, M.S. Channels and H.R. Plates purchased and utilized in construction/erection of plant are eligible for credit as capital goods.

Thiru Arooran Sugars v. Customs, Excise & Service Tax Appellate Tribunal, Chennai [2015] 60 taxmann.com 199.

10.0 Service tax levy on Services provided by a Goods Transport Agency (GTA)

If ancillary services are provided in the course of transportation of goods by road and the charges for such services are included in the invoice issued by the GTA and not by any other person, such services would form part of GTA Service and therefore, the abatement of 70%, presently applicable to GTA Service, would be available on it.

Source: Circular No. 186/5/2015-ST dated 05/10/2015

FINANCIAL INDICATORS

	Current Rate*	Previos Month	3Month	6Month
3 Month LIBOR (%)	0.3206	0.333	0.2858	0.2759
3 Month MIBOR (%)	7.80	7.77	7.99	8.23
SENSEX	26904.11	25622.17	27573.66	28879
NIFTY	8143.6	7788.1	8328.55	8780.35
CRR (%)	4.00	4.00	4.00	4.00
REPO (%)	6.75	7.25	7.25	7.5
REVERSE REPO (%)	5.75	6.25	6.25	6.5
Gold (per 10 gm)	26568	25952	26014	26550
Silver (per kg)	36560	34910	35217	36803
Crude (USD/bbl)	49.95	48.89	58.73	56.83
₹ vs USD	64.7260	63.7590	63.3793	62.366
₹ vs Euro	73.5999	74.7139	70.4334	66.4884
₹ vs 100 Yen	53.86	55.14	51.97	51.74
₹ vs RMB	10.2596	10.4082	10.2073	10.037
₹ vs Pound	99.2962	102.293	97.6548	91.6032
MCX Aluminium (per kg)	103.85	107	104.7	110.55
MCX Copper (per kg)	336.55	356.1	357.25	374.55

*As on October 12, 2015

(Sources: MoneyControl, NSE, BSE, RBI, MCX)

INSURANCE

1.0 Exempt equity schemes from mandate of investing 25% in Government securities.

The insurance industry has requested Insurance and Regulatory Board of India (IRDAI) to limit the requirement of investing 25% of Unit Linked Insurance Plans (ULIP) funds in Central Government securities to debt oriented schemes and exempt equity plans.

ACCOUNTING

1.0 Revenue Recognition- New Standard Deferred

The National Advisory Committee on Accounting Standards (NACAS) has suggested deferral of implementation of Ind AS 115 without specifying a new date. NACAS has also not recommended any voluntary adoption of this standard by companies in India. It is now for the Ministry of Corporate Affairs to take a final call on the deferral as well as on voluntary early adoption by companies in India.

FEMA

1.0 Automatic FDI for White Label ATMs

Now the Center's Approval will not be required for upto 100% Foreign Direct Investment in ATMs set up by non- banking entities. The move is aimed at increasing financial inclusion. Any non- Bank Entity intending to set up WLAs should have a minimum net worth of ₹100 crore as per the latest financial years, audited Balance Sheet which is to be maintained at all times.

In case the entity is also engaged in any other 18 NBFC activities, then the foreign investment in the company setting up WLA, shall also have to comply with the minimum capitalisation norms for foreign investments in NBFC Activities.

2.0 Clarification on Real Estate FDI

Facility sharing agreements between group companies through leasing/ sub- leasing agreements for the larger interest of business will not be treated as real estate business.

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