



# BMC Advisors



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# ***WEEKLY UPDATES***

***FEBRUARY 6<sup>TH</sup>, 2017 – FEBRUARY 12<sup>TH</sup>, 2017***

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# SEBI UPDATES

## CIRCULAR

SEBI/HO/CFD/CMD/CIR/P/2017/10

February 6, 2017

To,  
All Recognized Stock Exchanges  
All Listed Companies

Dear Sir/Madam,

### **Sub: Integrated Reporting by Listed Entities**

1. SEBI has mandated the requirement of submission of Business Responsibility Report ('BRR') for top 500 listed entities under Regulation 34(2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR"). The key principles which are required to be reported by the entities pertain to areas such as environment, governance, stakeholder's relationships, etc.

2. Today an investor seeks both financial as well as non-financial information to take a well-informed investment decision. An integrated report aims to provide a concise communication about how an organization's strategy, governance, performance and prospects create value over time. Further it may be noted that the concept of integrated reporting is being discussed at various international forums. The purpose of integrated reporting is to provide shareholders and interested stakeholders with relevant information that is useful for making investment decisions.

3. Regulation 4(1) (d) of SEBI LODR states "*the listed entity shall provide adequate and timely information to recognized stock exchange(s) and investors*".

IOSCO Principle 16 states "*there should be full, accurate and timely disclosure of financial results, risks and other information that is material to investors' decisions.*"

4. In this regard, the International Integrated Reporting Council ('IIRC') has prescribed following Guiding Principles which underpin the preparation of an integrated report, specifying the content of the report and how information is to be presented:

- Strategic focus and future orientation: An integrated report should provide insight into the organization's strategy and how it relates to the organization's ability to create value in the short, medium and long term, and to its use of and effects on capital
- Connectivity of information: An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time
- Stakeholder relationships: An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests
- Materiality: An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term
- Conciseness: An integrated report should be concise

- Reliability and completeness: An integrated report should include all material matters, both positive and negative, in a balanced way and without material error
  - Consistency and comparability: The information in an integrated report should be presented: (a) on a basis that is consistent over time; and (b) in a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.
5. All organizations depend on various forms of capital for their success. It is important that all such forms of capital are disclosed to stakeholders to enable informed investment decision making. IIRC has categorized the forms of capital as follows:
- Financial capital
  - Manufactured capital
  - Intellectual capital
  - Human capital
  - Social and relationship capital
  - Natural capital
6. The International Integrated Reporting Council ('IIRC') has prescribed Integrated Reporting Framework at following web link:  
<http://integratedreporting.org/wp-content/uploads/2015/03/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>
7. It has been observed that certain listed entities in India and other jurisdictions have been making disclosures by following the principles of integrated reporting. Towards the objective of improving disclosure standards, in consultation with industry bodies and stock exchanges, the listed entities are advised to adhere to the following:
- a. Integrated Reporting may be adopted on a voluntary basis from the financial year 2017-18 by top 500 companies which are required to prepare BRR.
  - b. The information related to Integrated Reporting may be provided in the annual report separately or by incorporating in Management Discussion & Analysis or by preparing a separate report (annual report prepared as per IR framework).
  - c. In case the company has already provided the relevant information in any other report prepared in accordance with national/international requirement / framework, it may provide appropriate reference to the same in its Integrated Report so as to avoid duplication of information.
  - d. As a green initiative, the companies may host the Integrated Report on their website and provide appropriate reference to the same in their Annual Report.
8. This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992.
9. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Legal Framework".

Yours faithfully,  
Prasanta Mahapatra  
General Manager  
Tel. No.: 022-26449313  
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**CIRCULAR**

SEBI/HO/MRD/DP/CIR/P/2017/11

February 10, 2017

To  
All Stock Exchanges/Clearing Corporations  
(Other than Commodity Exchange)

Dear Sir/Madam,

**Sub: Review of Financial close out and Auction framework for corporate bonds traded on the Stock exchanges platform.**

1. SEBI vide circulars no. CIR/MRD/DP/03/2013 January 24, 2013, and no CIR/MRD/DP/ 27 /2013 dated September 12, 2013 issued guidelines for providing dedicated debt segment in the stock exchange for trading, clearing and settlement of debt securities including trading, clearing and settlement of corporate bonds.
2. Report of the Working Group on Development of Corporate Bond Market in India chaired by Shri H R Khan recommended rationalization of the penalty for financial close out in case of the shortage of delivery in the corporate bonds that are traded in the exchange platform. Based on the recommendation of the said committee and the feedback received from stock exchanges, it has been decided to review extant penalty structure for financial closeout in cases of short delivery and to put in place a feasible auction mechanism to deal with settlement shortages.
3. Accordingly, para 8 of the circular no CIR/MRD/DP/ 27 /2013 dated September 12, 2013 stands modified as under;
  - 3.1. In case of shortage of delivery, stock exchanges/clearing corporations may conduct financial close-out. The financial close out shall take place at highest price on Trade date (which becomes the trade price) with a 1% mark-up on trade price.
  - 3.2. Further, Exchanges/Clearing Corporation shall introduce an uniform auction mechanism to deal with settlement shortages by March 31, 2017.
4. Stock Exchanges are directed to:
  - 4.1. take necessary steps and put in place necessary systems for implementation of this circular immediately;
  - 4.2. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision;
  - 4.3. bring the provisions of this circular to the notice of the member brokers of the stock exchange and also to disseminate the same on the website.
5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,  
Susanta Kumar Das  
Deputy General Manager  
e-mail: susantad@sebi.gov.in

## RBI UPDATES

### **Amendment to Pradhan Mantri Garib Kalyan Deposit Scheme, Notification No S.O. 4061 E**

Government of India  
Ministry of Finance  
Department of Economic Affairs

New Delhi, dated the February 07, 2017

#### **NOTIFICATION**

### **Amendment to Pradhan Mantri Garib Kalyan Deposit Scheme, Notification No S.O. 4061 E**

1. S.O. – In exercise of the powers conferred by clause (c) of section 199B of the Finance Act, 2016 (28 of 2016) (hereinafter referred to as the Act), the Central Government hereby amends the conditions specified in clause 4 of the Pradhan Mantri Garib Kalyan Deposit Scheme notified vide Notification No. S.O.4061 (E) dated December 16, 2016 and amendment vide Notification No. S.O. 204(E) dated January 19, 2017.
2. For the existing paragraph number 4(4) of the Notification, the following paragraph shall be substituted, namely,  
  
“4. Subscription and Mode of investment in the Bonds Ledger Account – (4) The deposit to be made under sub-section (1) of section 199F under this Scheme shall be made, on one or more occasions. The deposits shall be made before filing declaration under sub-section (1) of section 199C.”

**Removal of limits on withdrawal of cash from Saving Bank Accounts**

RBI/2016-17/224  
DCM (Plg) 3107/10.27.00/2016-17

February 08, 2017

All Banks

Dear Madam / Sir,

**Removal of limits on withdrawal of cash from Saving Bank Accounts**

Please refer to our circular DCM (Plg) 2905/10.27.00/2016-17 dated January 30, 2017 on the captioned subject.

2. In the wake of withdrawal of Specified Bank Notes (SBNs) since November 09, 2016 Reserve Bank had placed certain limits on cash withdrawals from Savings / Current / Cash credit / Overdraft accounts and withdrawals through ATMs. On a review of the pace of remonetisation, Reserve Bank partially restored status quo ante by removing the restrictions on cash withdrawals from Current / Cash credit / Overdraft accounts and ATMs effective January 31, 2017 and February 01, 2017 respectively. However, the limits on cash withdrawal from Savings Bank accounts continued to be in place.

3. In line with the pace of remonetisation, it has now been decided to remove the restrictions on cash withdrawals from Saving Bank accounts (including accounts opened under PMJDY) in a two step process as under:

- I. Effective February 20, 2017, the limits on cash withdrawals from the Savings Bank accounts will be enhanced to 50,000 per week (from the current limit of 24,000 per week); and
- II. Effective March 13, 2017, there will be no limits on cash withdrawals from Savings Bank accounts.

4. Please acknowledge receipt.

**Yours faithfully,**

**(P Vijaya Kumar)**  
**Chief General Manager**



### **Interest rates for Small Savings Schemes**

RBI/2016-17/225  
DGBA.GAD.2012/15.02.005/2016-17

February 9, 2017

The Chairman/Chief Executive Officer  
Agency Banks handling Public Provident Fund, Kisan Vikas Patra- 2014,  
Sukanya Samriddhi Account, Senior Citizen Savings Scheme-2004  
Dear Sir

### **Interest rates for Small Savings Schemes**

Please refer to our circular DGBA.GAD.881/15.02.005/2016-17 dated October 13, 2016 on the above subject. The Government of India, had vide their Office Memorandum (OM) No.F.No.1/04/2016-NS.II dated December 30, 2016 advised the rate of interest on various small savings schemes for the fourth quarter of the financial year 2016-17 (copy enclosed).

2. The contents of this circular may be brought to the notice of the branches of your bank operating Government Small Saving Schemes for necessary action. These should also be displayed on the notice boards of your branches for information of the subscribers to these Schemes.

Yours faithfully

(V.S. Prajish)  
Assistant General Manager

For enclosure refer link: <https://rbidocs.rbi.org.in/rdocs/content/pdfs/OMGOI090217.pdf>

## INCOME TAX UPDATES

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3,  
SUB-SECTION (i)]

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
CENTRAL BOARD OF DIRECT TAXES

Notification

New Delhi, the 9<sup>th</sup> February, 2017

**G.S.R.117(E)**- In exercise of the powers conferred by section 139A and sub-section (1) of section 203A, read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. (1) These rules may be called the Income -tax (2<sup>nd</sup> Amendment) Rules, 2017.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Income-tax Rules, 1962, -

(i) in rule 114, in sub-rule (1) for the proviso the following proviso shall be substituted, namely:-

“Provided that an applicant may apply for allotment of permanent account number through a common application form notified by the Central Government in the Official Gazette, and the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the classes of persons, forms and formats along with procedure for safe and secure transmission of such forms and formats in relation to furnishing of permanent account number.”;

(ii) in rule 114A, in sub-rule (1) for the proviso the following proviso shall be substituted, namely:-

“Provided that an applicant may apply for allotment of a tax deduction and collection account number through a common application form notified by the Central Government in the Official Gazette, and the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the classes of persons, applicable forms and formats along with procedure for safe and secure transmission of such forms and formats in relation to furnishing of tax deduction and collection account number.”

[Notification No. 9/2017/F. No. 370142/40/2016-TPL]

**Dr T. S. MAPWAL, Under Secy.**

Note: The principal rules were published vide notification number S.O. 969 (E), dated the 26<sup>th</sup> March, 1962 and last amended by Income-tax (1<sup>st</sup> Amendment) Rules, 2017 vide notification number G.S.R.No.14 (E), dated the 6<sup>th</sup> January, 2017.

## CUSTOM UPDATES

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART-II, SECTION 3,  
SUB-SECTION (i)]

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
CENTRAL BOARD OF EXCISE AND CUSTOMS

Notification No. 10/2017 -Customs (N.T.)

New Delhi, 8<sup>th</sup> February, 2017

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 5 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise and Customs hereby invests in the officers specified in column (1) of the Table below, the powers of the Customs Officer of the rank specified in column (2) of the said Table, in the jurisdiction specified in Notification No. 77/2014-Customs (N.T.), dated the 16<sup>th</sup> September, 2014 published in the Gazette of India, Extraordinary Part-II, Section 3, Sub Section(i), vide G.S.R. 654 (E), dated the 16th September, 2014, namely:-

**TABLE**

Customs Officer	Rank of the Customs Officer whose powers is to be exercised
(1)	(2)
The Principal Commissioner who has been given the additional charge of Chief Commissioner vide Office Order of the Central Board of Excise and Customs No. 123/2016 dated the 17th October, 2016.	The Chief Commissioner

[F. No. 390/Review/36/2014-JC]

(M.R. Farooqui)  
Under Secretary to the Government of India

Instruction no. 01/2017-Customs

F.No. 591/04/2016-Cus (AS)  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs  
(Anti-Smuggling Unit)  
\*\*\*

New Delhi, dated 8<sup>th</sup> February, 2017

To  
All Principal Chief Commissioners/ Chief Commissioners of Customs/Customs (Preventive),  
All Principal Chief Commissioners/ Chief Commissioners of Customs & Central Excise.  
All Principal Directors General / Directors General of CBEC.  
All Principal Commissioners/Commissioners of Customs / Customs (Prev).  
All Principal Commissioners/Commissioners of Customs (Appeals).  
All Principal Commissioners/Commissioners of Customs & Central Excise.  
All Principal Commissioners/Commissioners of Customs & Central Excise. (Appeals).

**Subject: Passing of order under Section 110 of the Customs Act, 1962 - reg.**

Madam/Sir,

Attention is invited to Section 110 of the Customs Act, 1962 and Para 1.1 of Chapter 15 of the Customs Manual 2015.

2. It has been brought to the notice of the Board that in several cases, goods are being held-up/seized by the field formations only under *panchnama* and separate orders for seizure of goods are not being passed. The Hon'ble Delhi High Court, in a recent order, has held that a *panchnama* is a statement by *panchas* (witnesses) and cannot be taken to be an order passed by the proper officer under Section 110 of the Customs Act, 1962.

3. Though Section 110 of the Act *ibid* does not specify passing an order for seizure of goods, it says that *where it is not practicable to seize any such goods, the proper officer may serve on the owner of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer.*

4. In view of the above, in all future cases, the following may be adhered to:

- *Whenever goods are being seized, in addition to panchnama, the proper officer must also pass an appropriate order (seizure memo/order/etc.) clearly mentioning the reasons to believe that the goods are liable for confiscation.*
- *Where it is not practicable to seize any such goods, the proper officer may serve on the owner of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer. In such cases, investigations should be fast-tracked to expeditiously decide whether to place the goods under seizure or to release the same to their owner.*

5. Further, it has been brought to the notice of the Board that in cases where provisional release of seized goods is allowed under Section 110A of the Act *ibid*, show cause notices are not being issued within the stipulated time period on the ground that the goods have been released to the owner of the goods. The provisions of the Customs Act, 1962 are clear that irrespective of the fact whether goods remain seized or are provisionally released, once goods are seized, the time period (including extended time period) stipulated under Section 110(2) of the Act shall remain applicable and has to be strictly adhered to.

6. The Chief Commissioners/Directors General are requested to circulate the present guidelines to all the formations under their charge. Difficulties, if any, in implementation of the aforesaid guidelines may be brought to the notice of the Board. Hindi version follows.

  
(Rohit Anand)

Under Secretary to the Government of India



# BMC ADVISORS

DESTINATION FOR PERFECTION

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