CHRISTIAN ENTREPRENEUR

Monthly News Bulletin of Christian Chamber of Commerce and Industry

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CHAIRMAN'S MESSAGE

Dear Member,

In a low-inflation environment, gold and other metals are not going to help you. The cost of money and demand for credit is low, keeping interest rates in check. For most of us concerned about the cost of living, these are pretty good times.

Yet gold bugs peddle uncertainty. They assure you that you can make money because times are bad and are getting worse. Although you can always make an argument for that, the opposite is true. The U.S. and Europe are still recovering. Credit is tight, but not expensive. Corporations are still making profits.

This fear over the economic future fuels numerous gold scams. Dealers may be pushing coins, bullion or stocks in mining companies.

Brokers love these vehicles because they make money on commissions. The more products they sell, the richer they become, particularly when investor sentiment is skittish. They charge more for gold-based products than the actual price of the metal.

If you choose to invest in gold, be smart about it. Here are some buying guidelines from the Federal Trade Commission:

- "If you are buying bullion coins or collectible coins, ask for the coin's 'melt value' - the basic intrinsic bullion value of a coin if it were melted and sold. The melt value for virtually all bullion coins and collectible coins is widely available.

- Get an independent appraisal of the specific gold product you're considering. The seller's appraisal might be inflated.

- Consider additional costs. You may need to buy insurance, a safe deposit box, or rent offsite storage to safeguard bullion. These costs will cut into the investment potential of bullion.

- Some sellers deliver bullion or bars to a secured facility rather than to a consumer. When you buy metals without taking delivery, take extra precautions to ensure that the metal exists, is of the quality described, and is properly insured.

- Walk away from sales pitches that minimize risk or sales representatives who claim that risk disclosures are mere formalities. Reputable sales reps are upfront about the risk of particular investments. Always get a receipt for your transaction.

- Refuse to "act now." Any sales pitch that urges you to buy immediately is a signal to walk away and hold on to your money."

With kind regards

Antony Sequeira

LAWS OF SOCIAL MEDIA MARKETING

IF YOU'RE IN business in the modern world and at this point, you or your brand aren't on any online social network, you are missing out on a type of connection with your target customers that traditional approach to marketing can't replace.

Social media is the social niche between the world and your business. Online social networks have played a vital role in flourishing major businesses through customer engagement - even if the business is a mini local cafe or a tech start-up. It's vital that you understand social media marketing fundamentals. From maximising quality to increasing your online entry points, abiding by these eight laws will help build a foundation that will serve your customers, your brand and - perhaps most importantly your bottom line.

Law of listening: Success with social media and content marketing requires more listening and less talking. Read your target audience's online content and join discussions to learn what's important to them. Only then can you create content and spark conversations that add value rather than clutter to their lives.

Law of focus: It's better to specialise than to be a jack-of-all-trades. A highly-focused social media and content marketing strategy intended to build a strong brand has a better chance for success than a broad strategy that attempts to be all things to all people.

Law of quality: Quality trumps quantity. It's better to have 1,000 online connections who read, share and talk about your content with their own audiences than 10,000 connections who disappear after connecting with you the first time.

Law of patience: Social media and content marketing success doesn't happen overnight. While it's possible to catch lightning in a bottle, it's far more likely that you'll need to commit to the long haul to achieve results.

Law of compounding: If you publish amazing, quality content and work to build your online audience of quality followers, they'll share it with their own audiences on Twitter, Facebook, Linkedin, their own blogs and more. This sharing and discussing of your content opens new entry points for search engines like Google to find it in keyword searches. Those entry points could grow to hundreds or thousands of more potential ways for people to find you online.

Law of influence: Spend time finding the online influencers in your market who have quality audiences and are likely to be interested in your products, services and business. Connect with those people and work to build relationships with them. If you get on their radar as an authoritative, interesting source of useful information, they might share your content with their own followers, which could put you and your business in front of a huge new audience.

Law of value: If you spend all your time on the social Web directly promoting your products and services, people will stop listening. You must add value to the conversation. Focus less on conversions and more on creating amazing content and developing relationships with online influencers. In time, those people will become a powerful catalyst for word-of-mouth marketing for your business.

Law of acknowledgement: Don't ignore anyone who reaches out to you in person. Building relationships is one of the most important parts of social media marketing success.

Always keep in mind that the path to a successful social media marketing game is a long road where you have to focus constantly on meeting your target customer's hopes and expectations. Once you succeed in doing so, you shall notice considerable results. So stop wasting time, start tracking your progress by following your social media strategy and keep redesigning it until your brand shines like gold.

Lawrence Coelho
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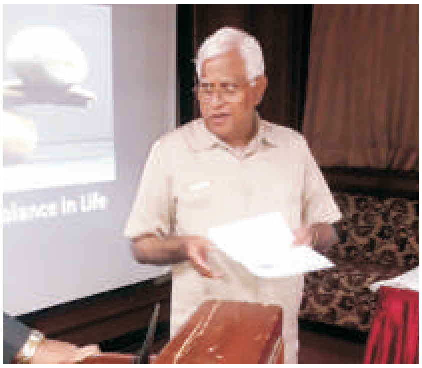
SEMINAR ON - HOW TO FIND BALANCE IN LIFE





A Seminar was held on 13th July, 2018 by the Christian Chamber of Commerce & Industry. The topic of the Seminar was "How to find Balance in Life. The speaker was Dr. Avinash D'Souza. Our Chairman Mr. Antony Sequeira introduced Dr. Avinash.

Dr. Avinash is a consultant psychiatrist and psychotherapist. He is also a Research Associate at the Department of Psychiatry, at Lokmanya Tilak Municipal and a Founder Trustee of 'DeSouza Foundation Trust that works in the area of mental health awareness across all sectors.

He began his speech by telling that one should slow down, calm down and not to worry, not to hurry and to follow the process.

Dr. Avinash emphasized that if one is offended or insulted one should let it go and not keep a grudge. He further added not to confuse attachment to with love. He informed the gathering that attachment was about fear and love without attachment is the purest love because it is not about what others can give you but it is about what you can give others. He added that one should smile more and do things that excite.

Anxiety is when a person cares too much about everything. Depression when a person does not care about anything.

He advised parents not to educate children to be rich rather to educate them to be happy as when they grow up they will know the value of things and not the price. He quoted the words of Buddha that man is not born a winner nor a loser but a chooser.

He further informed the audience the words of the Dalai Lama when he was asked what surprised him most about humanity the Dalai Lama replied "man sacrifices his health to make money and then sacrifices money to recuperate his health. A person is so anxious about his future that he does not enjoy the present. The result being that he does not enjoy the present. The result being that he does not live the present or the future, he lives as he is never going to die and then dies never having lived.

The Speech was amazing it was. Time was flying, there was pin drop silence and I could see the reflection on each ones face expecting the talk to continue, the time was the constraint. Nevertheless, the take home was ***LET GO, LIVE the DAY, EMPTY THE MIND BEFORE GOING TO BED, NO NEED TO RESPOND TO EVERYTHING*** and much more. For all of us it was value for time.

Mr. Clifford Colaco of the Chamber gave a vote of thanks. Mr. Frederick Mendonca presented a memento as a token of appreciation to Dr. Avinash D'Souza on behalf of the Chamber.

INDIA

Selling Factors and Techniques

Poor infrastructure is a major problem that makes distribution difficult and reduces demand for some products in rural areas. In order for sales techniques to be successful, distribution coverage is important. Indian consumers are serviced by an efficient, but highly fragmented, trade system consisting of over 12-15 million retail and wholesale outlets, spread over many urban and rural population centers. India has the largest retail outlet density in the world, but the majority of these stores are very small in size and unorganized.

With more than 550 million people under the age of 25, India's rapidly growing population appears to present limitless opportunities, but many Indian and foreign companies have discovered that for many product categories, only a fraction of India's 1.2 billion population can be regarded as potential customers. Many companies have been disappointed with the response to products launched in India over the past few years. Initially, these companies grossly overestimated the depth and size of the Indian market for their products. Projections for the growing Indian middle-class range from 260-540 million by 2025, but these figures have proven to be off the mark for certain products as marketed to the typical Western middle class consumer.

Transposing brands and products from other markets will not always work. Suitability and adaptation to Indian preferences and conditions is regarded as a significant benefit to Indian consumers and is therefore an important factor to be considered while designing a sales strategy.

A successful sales strategy will recognize and deal with the existence of strong local competition - this exists in many product and service categories and should not be underestimated. U.S. firms must also carefully compare customer needs and the quality of latent demand with the level of service that they want to offer in India. Even among the affluent middle class, much of their money is still spent on need-based consumption rather than on luxury goods.

While selling in the Indian market can be a complicated and difficult experience for new entrants, this can be avoided if, at the outset, the market opportunity is assessed accurately and the capabilities of local competition are not underestimated. Only in unusual circumstances should new foreign entrants create a new and independent sales infrastructure, because it is very expensive in the short run and requires sustained investment to build over the long run even if the product is successful.

At first glance, the bulk of the purchasing power in India would appear to be concentrated in its urban markets. However, a majority of the Indian population lives in rural areas distributed over some 638,000 villages. The balance lives in 7,935 towns of which approximately 468 have a population of more than 100,000 inhabitants.

It is said that the "real" India lives in the villages. All marketers, both Indian and foreign, have benefited by paying attention to the marketing potential of rural India.

CAN Green Business BE GOOD BUSINESS FOR INDIA?

In India, industrial development and rapid urbanization have far outpaced efforts to protect the environment, resulting in levels of air and water pollution that pose major threats to human health. Within MIT's School of Humanities, Arts, and Social Sciences, two doctoral students in economics are working to address this challenge by generating incentives for polluters to change their ways.

Even if you have great technology, you need some incentive for people to reduce pollution. India has high environmental standards, but its regulations are not well enforced. Since many companies simply don't bother to adopt pollution control measures. You need some way to make the benefit of reducing pollution felt by the ones who are paying the cost of reducing pollution.

A team of professors from Harvard University, Yale University, and the University of Chicago are working to tackle this issue by giving companies a public reputation for environmental performance - for good or ill. The team is collecting data on stack emissions from about 100 industrial plants in the state of Maharashtra and ranking each plant based on the amount of particulate matter it is releasing into the atmosphere. They plan to assign each plant a star rating and publish the ratings online.

"Right now for whatever reasons the marginal cost of abating pollution is higher than the marginal benefit, so what they are doing is attacking this. It's feasible and pretty low-cost for many of these industries to come closer to compliance. If it's not worth their reputation to do it, they won't do it. If it is they will.

The team is now meeting with industry leaders to get their feedback on the project. The ratings system is expected to go into operation in the spring, after which the group will continually monitor smokestack emissions to evaluate the project's impact.

This project will give industry groups some incentives to start being better citizens. They see a lot of room for small, low-cost improvements that can have a big impact on pollution."

Cap and Trade: "Economics shows why people and firms end up doing things like polluting even when they know that it's destructive..

The project developed with the same team of professors - provides a financial incentive to polluters to clean up their act by enabling companies to work together to meet pollution reduction goals. The strategy challenges the assumption that pollution is the natural cost of economic development and that reducing pollution necessarily erodes growth.

"What if there were a way to transcend this tradeoff - to reduce pollution without killing off industry? They have seen in other parts of the world that there is a tool that can achieve that: It's emissions trading, or cap and trade.

Working with an environmental regulator and a local industrial association, the team plan to monitor the industrial wastewater released by about 110 factories that share a treatment facility in the state of Gujarat. They will then provide plants with pollution permits and enable the companies to trade these among themselves.

This cap and trade strategy makes it possible for a facility that faces high cleanup costs to pay another facility - for example, one with a more modern, cleaner operation - to take on an additional burden of emissions reductions so that the group as a whole can meet more stringent goals.

"In this scheme they do not as much care who is producing pollution; they just want overall pollution to fall. This provides an incentive for firms collectively to figure out where the least expensive pollution reductions are going to come from."

Sociotechnical Solutions: Both of these MIT Economics/Tata Center projects point to the value of incorporating thinking from the social sciences into environmental remediation projects, the students say.

Incentives matter for how people behave. What economics can show is why people and firms end up doing things like polluting even when they know that they are destructive - and also how they can restructure incentives in a way that not only altruistic, but even self-interested, groups will end up doing the right thing.

The pilot wastewater cap and trade system in Gujarat is expected to begin operation in April. Once the system is up and running, researchers will conduct an impact evaluation to see how well the project worked to reduce industrial water pollution. If the pilot is successful, the system could be expanded to other industrial operations throughout the state and eventually throughout India.

Is GST Leading to an Increase in Illegal Gold Trade?

Before the implementation of the goods and services tax (GST) on gold, it was widely feared that an increase in the tax rate would boost smuggling of the yellow metal, as traders would be tempted to evade tax.

From the looks of it, those fears are coming true.

Illegal business in gold has become widespread ever since GST has kicked in, points out Ahammed M.P., chairman of Malabar Gold and Diamonds.

The view is echoed by economists and taxation experts.

“Given that we are the second largest consumer of gold and gold imports have remained muted in recent months, it indicates that gold transactions are taking place through unorganized channels,” says Madan Sabnavis, chief economist at CARE Ratings Ltd.

Sachin Menon, head (indirect tax) at KPMG India, says, “Increased seizures by tax officials, especially at major airports clearly indicate that illegal trade of gold has been on an upswing not only in South India but in other parts of the country as well.” The reference to the south is because of a report in the Deccan Chronicle newspaper last month, which said that a surge in unofficial gold imports is taking a toll on revenues of Telangana and Andhra Pradesh.

On a conservative calculation, each Telugu-speaking state is forgoing ₹ 500-800 crore in revenue, as the yellow metal is sold in the grey market avoiding taxes, said the news report citing a senior government official.

To be sure, this phenomenon is not restricted to the south. Recently, the Directorate of Revenue Intelligence seized 32kg of gold worth ₹ 10.32 crore, one of the biggest seizures of smuggled gold in the recent past, in east and north-east India.

The problem, however, seems to have less to do with the tax rate - GST on gold is, at 3%, much lower than the import duty of 10%. The issue, it appears, is more to do with ensuring compliance.

For instance, traders are taking advantage of a loophole in the rules for buying old gold jewellery. Since there is a GST exemption on purchase of old gold jewellery from an unregistered individual, the gold jeweller can import gold through illicit channels and show that in his books as purchase of old gold and evade tax. This is primarily conducted in jewellery purchases of less than ₹ 2 lakh where declaring the permanent account number (PAN) is not mandatory for the consumer.

Official gold imports have declined on a year-on-year basis so far in 2018 (see chart). In a situation where bank deposit interest rates are low, gold becomes an attractive asset, says Sabnavis of CARE Ratings. Sure, some money has shifted to the equity markets and mutual funds. But the fact that gold imports have fallen suggests demand for the yellow metal is being met elsewhere.

Even as GST was meant to transform the gold market into an organized one, too much regulation (mandatory declaration of PAN for purchases over ₹ 2 lakh) tends to give way to migration given the nature of the metal (classic route to park black money apart from real estate), points out Sabnavis.

What can help? If a proper tracking system is in place, it is easy to find out the movement of gold from the suppliers through jewellery makers to customers' end, reckons Ahammed of Malabar.

A proper tracking system also detects the source of transactions and makers of the product, and ensures tax compliance, BIS (Bureau of Indian Standards) hallmarking, etc.

In sum, a number of pieces need to fall in place for organized trade in gold to grow. Implementing GST alone won't do the trick. On the contrary, moving one piece, while ignoring others, is clearly backfiring.

SYNTHETIC is the FUTURE OF TEXTILE INDUSTRY in India

When global economic turmoil was on its peak shivering all industries, India's Rs 120,000 crore synthetic textile industry sustained over five percent growth continuously driven largely by value added segments. Since then, the industry has trebled growth percentage to rapidly narrowing the gap between use of cotton and synthetics in textile industry which shows that synthetic textile is the future of India, says S K Khandelia, Chief Executive Officer and President of Sutlej Textiles and Industries Ltd, promoted by K K Birla and one of the largest producers of value added dyed and mélange yarns in India in an interview with Dilip Kumar Jha. Edited excerpts :

Six months to December was a glorious period for textile industry. What changed suddenly so that trouble started brewing once again?

July to December is normally a good period for textile industry due to seasonal reasons. This year, after December cotton prices moved up significantly but cotton yarn prices remained stable resulting in pressure on margins. Besides, volume of exports of cotton yarn to China has come down in recent months putting pressure on domestic supply. However, Sutlej is insulated from such fluctuations as we are into value added dyed and mélange yarn segment and our exports to China is negligible.

What is your strategy?
We have wide product range and we are one stop supplier of all types of spun yarn in any count upto 60s in any blend of natural or synthetic fibres in any colour in grey, dyed or mélange. Thus we have the flexibility to change the product mix from time to time.

Did your change in strategy help on export front?
Yes. We concentrated on export of value added yarns and which helped us in improving our margins. Our overseas buyers are spread over more than 60 countries. During FY14 our exports Increased to Rs. 445 Crores from Rs. 326 crores in previous year.

India is way behind global average of cotton-synthetics mix in garments. Where are we lacking?
Share of synthetic textiles in total textile in India is abysmally low at 35% as against 65% globally due to high burden of taxes like Excise Duty, Custom Duty etc.

However, due to limitation of land for growing cotton to meet the increasing demand for domestic and export markets, synthetic textiles is the future of textile industry in India and hence needs to be encouraged by rationalizing duty structure as envisaged in the National Fibre Policy.

This is mainly due to following faulty policies by the Government over decades. While there is no duty on cotton and cotton yarn, synthetic textiles are subject to various duties and consequently we did not get manmade fibres at international rates while our competitors are getting the same at international rates. Thus we are out-priced in case of synthetic whereas in cotton we are getting advantage of nil duty.

Elevated cotton price estimates pose a threat for domestic textile industry. Will it affect demand going forward ?
No, since as a practice we book raw material five months in advance which helps us to mitigate increase in raw material costs including cotton. For synthetic yarns, however, raw material prices are governed by global markets. Hence, it will not affect demand in future.

What is your future plan?
We are looking for further expansion of our textile business by greenfield and brownfield in India and abroad. We are generating cash flows and hence funding of a project expansion will not be a problem. Our debt-equity ratio stands at a very comfortable level of 0.6% and our utilization of working capital limits is below 70%.

- S. K. Khandelia

My Tryst with Indian Accounting Standards (Ind AS) and Minimum Alternate Tax (MAT)

a Recent Preview

Drawing inspiration from the fact that many writers share their experience of some real life incident with the readers, I too decided to share my professional experience here. In this article I would like to draw the attention of readers to a recent change in the Companies Act which has a substantial impact on taxation. I am referring to the new Accounting Standards which a large number of companies in the country have been forced to adopt and how these impact the "book profit" for the purpose of payment of "MAT" under the Income-tax Act.

India aspires to be a global leader and attract substantial foreign investments into the country. Therefore, a step taken in this direction is to converge the existing accounting standards and bring them in line with the global accounting standards.

However, application of these new Accounting Standards has resulted in a huge increase in compliance burden on the affected companies. I know that given a chance, no entrepreneur would want to spend his precious time on compliances. The general perception is that it is something that gives you minimal return or may be no return. The only return could be the avoidance of penalties and interest. In this background, I would like to pen down my experience about these new Accounting Standards and how, in some cases, judgemental opinion may need to be taken and how this could substantially impact profits and therefore taxation.

The Ministry of Corporate Affairs vide its notification dated 16 February 2015 issued the Companies (Indian Accounting Standards (Ind AS)) Rules, 2015. This made Ind AS applicable in a phased manner. Voluntary application of Ind AS was made effective from 1st April 2015. Any company which went into voluntary application had to comply with Ind AS not only for itself but also for its holding, subsidiary, joint venture or associate company. The various stages of implementation of Ind AS are as follows:

Phase I

Mandatory applicability of Ind AS from 01 April 2016 to all the companies;

- whose net worth is rupees five hundred crores or more
- holding, subsidiary, joint venture or associate companies of companies of the above company.

Phase II

Mandatory applicability of Ind AS from 01 April 2017 to all the companies;

- whose net worth is rupees two hundred and fifty crores or more
- holding, subsidiary, joint venture or associate companies of companies of the above company.

Once a company starts following Ind AS mandatorily on the basis of criteria specified above, it will be required to follow the Ind AS for all the subsequent financial statements even if any of the criteria specified do not subsequently apply to it. Further, the net worth needs to be tested for the financial years 3 years before the end of the given financial year. Thus, for example, in case of year ending 31 March 2017 the financial years to be tested for the required net worth will be 2014-15, 2015-16 & 2016-17. On first time adoption of Ind AS 3 Balance Sheets, 2 Profit &Loss accounts and Cashflow statement need to be given as comparatives.

Minimum Alternative Tax or MAT

MAT is a tax on book profits of the company under section 115JB of the Income tax Act 1961. MAT will be paid if the tax payable under normal income tax provisions is lesser than provisions under section 115JB. MAT is paid on the book profit of the company after giving effect to specific provisions stated in the section.

The reason I am writing this here is that 'Book Profit' will now change due to the implementation of Ind AS. Under Ind AS, certain principles of accounting are different from the ones followed under the previous GAAP. In the interests of the tax payers, the government has made efforts make the Ind AS tax neutral. I have penned down below a few instances I came across. Further, since Ind AS statements will be presented for 3 preceding years the transition effect arising out of the past years also will be added to MAT.

Under MAT the transition amount should be offered to tax equally for 5 years beginning with the financial year in which Ind AS is first implemented. Transition amount equals to that amount that forms part of 'Other Equity' due to Ind AS changes other than Capital reserve and Securities Premium.

I would like to share with readers the impact of Ind AS on a few specific items of the Balance Sheet & Profit & Loss Account which I had an occasion to recently study.

Goodwill arising out of a business combination

Goodwill arising out of business combination is no longer covered under the Ind AS-Intangible assets. Unlike the previous GAAP where it was covered under the accounting standard dealing with intangible assets, the amortisation upto 5 years is no more available. Therefore, the goodwill now arising out of business combinations (eg: amalgamation, merger, demerger, reconstruction) will appear at its book value and no amortisation can be claimed.

Because of this, the book profit will be higher to that extent. The tax neutral effect arises in the year when the business will be shut or sold. In that year the value of goodwill is higher and not amortised over the years and thus the cost of the asset sold will be higher than under the previous principles. Also note that impairment of the goodwill can be claimed with sufficient reasons even under Ind AS principles.

Accounting for Non-Convertible Redeemable Preference Shares (NCRPS)

A NCRPS is one whose nature can be compared to a borrowing expect that a fixed amount of return or interest or in this case dividend is not paid to the investors. These funds are borrowed from the investors and in return shares are been issued. They will be repaid either in instalments or lump sum as per the terms of the shares. The maximum period of redemption can go upto 20 years.

Ind AS speaks of substance over the form. In form, the NCRPS may be shares but the substance of the transaction is that it is equivalent to a borrowing. It contains the features of both equity and liability. The equity feature is that a dividend is paid and not interest while the liability feature is that it has to repaid within a curtain period of time. Therefore, Ind AS requires us to split the equity and liability portion and show them separately. This is done on the either by the Effective Interest Rate (EIR) method or the Fair Value method.

Now, the equity portion will form part of 'Other Equity' as there is no provision under Ind AS to disclose preference shares. Some professionals argue that it can form part of Capital Reserve while others claim that it becomes Capital Contribution. Different stands are taken by different companies on this. If it forms part of Capital Contribution then it should be offered to MAT under the transition amount provisions.

The yearly interest debited to the borrowing portion of the NCRPS will be claimed in the books. The amount of dividend portion will be disallowed. For eg; if the NCRPS is discounted at 12% under the EIR method and the fixed dividend rate is 1% then 1% of the expense will be disallowed and the balance 11% will be allowed as an expense under MAT. This is because dividend is an appropriation of profit and not a charge on the profits.

Provision for warranty services and spares

Provisions for warranty services and spares will be discounted to their current value based on the time value of money. Thus, in the year of transition,the carrying value of the provisions is reduced. All the effects due to transition to Ind AS will be given to retained earnings in the year of transition. Thereafter the provisions needs to be valued at the end of every year and the amount of unwinding of discount will be debited to finance cost and charged to the profits.

In the first year of Ind AS implementation, the discount amount will form part of transition and thereafter the unwinding can be claimed every year as an expense in computing the book profit.

In addition to the above there are many other instances which will affect MAT due to Ind AS implementation. Efforts need to be put in to analyse the situation diligently in both the perspectives.

All in all, the implementation of Ind AS is a highly challenging task and will definitely cast a huge burden on the affected companies. It will also entail a higher cost in terms of professional fees since auditors will have to put in extra efforts in helping their client companies in converting their normal accounts into Ind AS compliant accounts.

- Pearl Sequeira

Summary of Company law rules

as amended on 05.07.2018 & 07/05/2018

A. The Companies (Acceptance of Deposits) Amendment Rules, 2018.

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- A. The Companies (Acceptance of Deposits) Amendment Rules, 2018.
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- C. The Companies ((Registration Offices and Fees) Third Amendment Rules, 2018.
- D. The Companies (Prospectus and Allotment of Securities) Amendment Rules, 2018.
- E. The Companies (Appointment and Qualification of Directors) Second Amendment Rules, 2018.
- F. The Companies (Meetings of Board and its powers) Amendment Rules, 2018.
- G. The Companies (Audit and Auditors) Amendment Rules, 2018.
- H. The Companies (Share Capital and Debentures) Amendment Rules, 2018.
- I. The Companies (Registration offices and Fees) Second Amendment Rules, 2018.

These Rules shall come into force from 15th August, 2018

1. Rule 4 - Form and Particular of advertisements or circulars

Rule 4(1) after proviso following proviso shall be inserted. Provided further that a certificate of the statutory auditor of the company shall be attached in form DPT-1, stating that the company has not committed default in the repayment of deposits or in the payment of interest on such deposits accepted either before or after payment of interest on such deposits accepted either before or after the commencement of the Act and in case a company had committed a default in the repayment of deposits accepted either before or after the commencement of the Act or in the

payment of interest on such deposits, a certificate of statutory auditor of the company shall be attached in Form DPT-1, stating that the company had made good the default and a period of five years has lapsed the date of making good the default as the case may be"

I. Rule 5: Manner and extent of Deposit Insurance - OMITTED

II. Rule 13: Maintenance of Liquid Assets and Creation of Deposit Repayment Reserve Account.

III. Rule 13 proviso shall be SUBSTITUTED as follow.

Provided that the amount remaining deposited shall not at any time fall below 20% of the amount of deposits maturing during the financial year

IV. Rule 14(1)(K): Register of Deposits - OMITTED

V. Form DPT-1 SUBSTITUTED by new form

VI. Form DPT-3 SUBSTITUTED by new form.

B. The Companies (Registration of Charges) Amendment Rules, 2018.

These Rules shall come into force from Date of publication in official Gazette.

I. Rule 8 - Satisfaction of Charge
Rule 8(1) shall be SUBSTITUTED, namely.
A Company or charge holder shall within a period of 300 days from the date of payment or satisfaction in full or any charge registered under Chapter VI, give intimation of the same to the Registrar in Form No. CHG-4 along with the Fee.

II. Rule 12 - Condonation of Delay and Rectification of Register of Charges.
Rule 12(1) Where the instrument creating or modifying a charge is not filed within a period of three hundred days from the date of its creation (including acquisition of a property subject to a charge) or modification and where the satisfaction of the charge is not filed within thirty days (Substituted by) Three Hundred Days from the date on which such payment of satisfaction, the Registrar shall not register the same unless the delay is condoned by the Central Government.

- **Food for Thought.......**

A Company satisfied its Charge on 01.01.2018, have to file CHG-4 within 30 days i.e.(31st Jan, 2018) However, Company has not filed the same. Whether such CHG-4 shall fall under amended rules.

C. The Companies ((Registration Offices and Fees) Third Amendment Rules, 2018.

These Rules shall come into force from 10th July, 2018
VII. FEE FOR FILING e-Form DIR-3 KYC under rule 12A of the Companies
VII. FEE FOR FILING e-Form DIR-3 KYC under rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Fee payable till the 30th April of every - financial year in respect of e-form DIR-3 KYC as at the 31st March of immediate previous year.	NIL
Fee payable (in delayed case).	Rs. 5.000/-

Note: For the current financial (2018-2019), no fee shall be chargeable till, the 31st August, 2018 and fee of Rs.5000 shall be payable on or after the 1st September, 2018
Collective all - Amended Rules - Companies Act, 2013 - w.e.f. 07.05.2018

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