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# SPARSH.....

*Touches*

*OCTOBER, 2015*

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Mr. Vinod Kothari & Company
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# Editorial

**T:**Together  
**E:**Everyone  
**A:**Achieves  
**M:**More

We must let go of the life we have planned,  
so as to accept the one that is waiting for  
us.

-Joseph Campbell

We, at VKCPL & VK & Co., believe in  
hard work, determination and perfection.  
We put in our best into each and every act  
done by us which results into success and  
appreciation by all.

With this thought of dedication and hard  
work, we come again with "Sparsh".

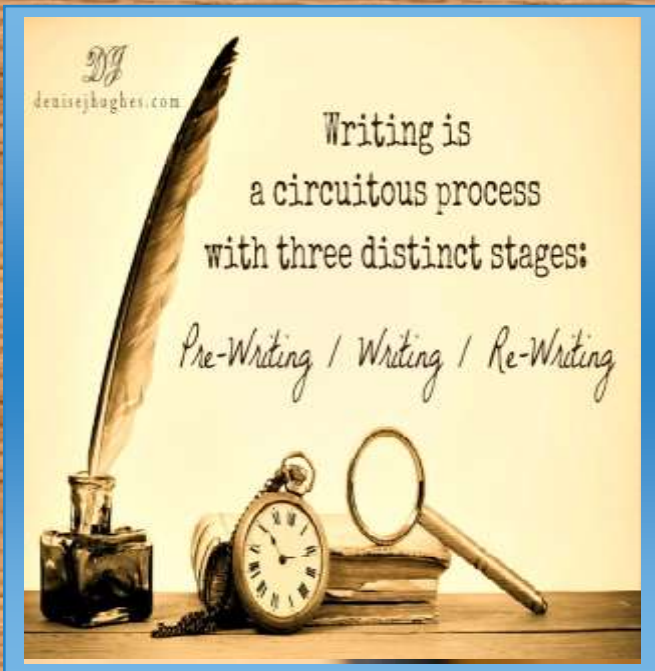
*Stay in touch with us through SPARSH!!*

*Editors:*

- Pammy Jaiswal

- Megha Saraf

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## *Articles Published*

- Article on Insurance Companies: IRDA Seeks Control in Indian Hands by Mr. Vinod Kothari got published in India Corp Law.
- Article on Deposits rules rolled back. Deposits from relatives of directors exempted by Mr. Vinod Kothari and Ms. Niddhi Parmar got published in Money Life.
- Article on Peer to peer lending by Ms. Nidhi Bothra and Ms. Shruti Agarwal got published in Money Life.
- Article on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Ms. Aditi Jhunjunwala got published in SCL magazine.
- Article on Guidance Note on Insider Trading by Ms. Surbhi Jaiswal got published in CPT magazine.
- Article on Accounts Amendment Rules 2015 by Ms. Munmi Phukon got published in CPT magazine.
- Article on Material Events and Disclosure thereof: The provisions under Listing Obligations, 2015 by Ms. Munmi Phukon got published in SCL magazine.
- Article on Comparative Analysis of old and new version of MGT-7 by Mr. Aman Nijhawan and Ms. Nikita Snehil got published in CPT magazine.
- Article on Internal Control System and Internal Financial Control System by Ms. Niddhi Parmar got published in CPT magazine.





## ***Sessions/Lectures taken/Events attended***

- *Mr. Vinod Kothari and Ms. Nidhi Bothra deliberated on the topic 'Regulations of New Listing & Insider Trading Regulation & Corporate Social Responsibility' at the Institute of Company Secretaries of India- Eastern India Regional Council on October 28, 2015.*
- *Ms. Nidhi Bothra was the speaker at ASIFMA, Hongkong on the topic 'Developments in the Indian Securitisation Market on October 14, 2015.*
- *Ms. Nidhi Bothra took session on Board's Report, Loans and Deposits under Companies Act, 2013 at the Institute of Company Secretaries of India- Eastern India Regional Council on October 9, 2015.*
- *Ms Aditi Jhunjhunwala took session on filing of forms- AOC-4 and MGT-7 at the Institute of Company Secretaries of India- Hooghly Chapter on October 18, 2015*
- *Ms. Nidhi Bothra deliberated on the topic Board's Report, Annual Return and Deposits under the Companies Act, 2013 and Ms Aditi Jhunjhunwala deliberated on the topic Exemptions to Private Companies & E-filing of ROC Forms at Views Exchange, CA Study Circle, EIRC on October 10, 2015.*

## *Upcoming Workshops*

Workshop on Leasing and Asset Backed Lending, by Ms. Nidhi Bothra, [Delhi](#)

De-Stressed Debt Summit, 2015, [Mumbai](#)

## *Workshops Conducted*

One day workshop on SEBI (LODR) Regulations, 2015, SEBI (PIT) Regulations, 2015 and other listed company regulations, **Mumbai**

Non- Banking Financial Companies - Products, Legalities & Risk, **Mumbai**

Affordable Housing Finance in India, **Mumbai**

One day workshop on SEBI (LODR) Regulations, 2015, SEBI (PIT) Regulations, 2015 and other listed company regulations, **Delhi**



## Articles Published

### Article on Insurance Companies: IRDA Seeks Control in Indian Hands

- by Mr. Vinod Kothari got published in [India Corp Law](#)

The screenshot shows a blog post on the IndiaCorpLaw website. The header features the site's name 'IndiaCorpLaw' in a large, stylized font. Below the header, a sub-header reads 'A blawg containing a periodic review of topics of interest in corporate and commercial law that in'. The post is dated 'Monday, October 26, 2015'. The title of the post is 'Insurance Companies: IRDA Seeks Control in Indian Hands'. A note indicates the post is contributed by Vinod Kothari of Vinod Kothari & Co. The main text discusses the issue of ownership and control of insurance companies in India, mentioning the Ministry of Finance's Rules from February 2015 and the IRDA's new 'Guidelines for "Indian Owned and Controlled" insurance companies' notified on October 19, 2015. The text continues to discuss the implications of these guidelines, such as changes in board nominations and quorum requirements, and the need for shareholders' agreements to be amended. A sidebar on the right includes a search bar, a list of contributors (Jayant Thakur, Mihir Naniwadekar, Shantanu Naravane, Somasekhar Sundaresan, Umakanth Varottil, V. Niranjan), and a section for Twitter updates. At the bottom of the sidebar, there are links to 'Indian Corporate Law', 'facebook', and 'IndiaCorpLaw'.

Monday, October 26, 2015

### Insurance Companies: IRDA Seeks Control in Indian Hands

[The following post is contributed by Vinod Kothari of Vinod Kothari & Co. He may be contacted at [vinod@vinodkothari.com](mailto:vinod@vinodkothari.com)]

The issue of ownership and control of insurance companies in India has been in a state of flux since early this year. While the intent of the Government was clear – to permit FDI up to 49% in the insurance sector – the Rules framed by the Ministry of Finance in February 2015 created a flutter with confusion about the manner of computation of foreign ownership of Indian insurance companies. There was an attempt to clarify the issue by an amendment carried out in early July 2015. Now, the regulator, the Insurance Development and Regulatory Authority of India (IRDA), has brought a new set of rules to define "Indian control" of insurance companies. These rules, framed as *Guidelines for "Indian Owned and Controlled" insurance companies*, were notified by IRDA on October 19, 2015 (Control Guidelines).

In the opinion of the author, the language of the Control Guidelines is far from clear. The Control Guidelines may lead to several changes in the manner of nomination of directors to boards and quorum requirements for board meetings. That the present articles of association may not have quorum requirement matching with the Control Guidelines may actually drive several insurance companies to change their articles of association. In addition, changes in shareholders' agreements may also be required because existing shareholders' agreements may run counter to the requirements of the Control Guidelines. All these changes are expected to be given effect to within 3 months from the date of notification of the Control Guidelines, and are to be supported by an undertaking of the Chief Executive Officer and Chief Compliance Officer, supported by a board resolution, as also amended copy of the shareholders' agreement, where applicable. If at all companies are advised to implement the changes by appropriate amendment of articles of association, the time frame of 3 months may be grossly insufficient. In short, the Control Guidelines may create yet another flutter in the insurance fraternity.

Indian Ownership

To view full article, click [here](#)

The article can also be viewed at our website: [indiafinancing.com](http://indiafinancing.com)

## Article on Deposits rules rolled back. Deposits from relatives of directors exempted

- by Mr. Vinod Kothari and Ms. Nidhi Parmar got published in [Money Life](#).

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Moneylife » Investing » Regulations » Deposit rules rolled back. Deposits from relatives of directors exempted

# Deposit rules rolled back. Deposits from relatives of directors exempted

0 Comments. Be the first to comment. [+ COMMENT](#)

VINOD KOTHARI AND NIDHI PARMAR | 23/09/2015 05:09 PM | 



**If the Act and Rules are anyway inching back to the pre-2014 scenario, was the new Companies Act 2013 needed at all?**

The Companies Act, 2013 (Act 2013) caused major shocks and massive problems of compliance as it was implemented from 1 April 2014. One of the major areas that caused problems of compliance to small and private companies was the amended rules applicable for acceptance of ‘deposits’. It was not just an issue of compliance – it is something that shook the finances of small and private companies as most private companies were using borrowings from directors, relatives, friends and relatives as a means to provide working capital support to their businesses.

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The article can also be viewed on our website: [indiafinancing.com](http://indiafinancing.com)



## Article on Peer to peer lending

- by Ms. Nidhi Bothra and Ms. Shruti Agarwal got published in [Money Life](#)

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Everybody  
Wins!

Moneylife » Economy & Nation » Money & Banking » Is Peer-to-Peer lending too futuristic in India?

# Is Peer-to-Peer lending too futuristic in India?

1 comments  - COMMENT

NIDHI BOTHRA AND SHRUTI AGARWAL | 01/10/2015 11:26 AM | 69



**While intending to set up a P2P platform, one may not find legal provisions for this at present. However, with the popularity of the concept, the laws and regulations will have to evolve**

Globally peer-to-peer (P2P) models are a phenomenon and are as easily accepted as the conventional model of lending. Some offspring of P2P model, such as crowd funding also are becoming popular in India in the philanthropy sector. Considering the novelty of the idea, there are several issues to tackle while intending to set up a P2P platform, which one may not find legal provisions to currently, however, with the popularity of the concept, the laws and regulations will evolve as well.

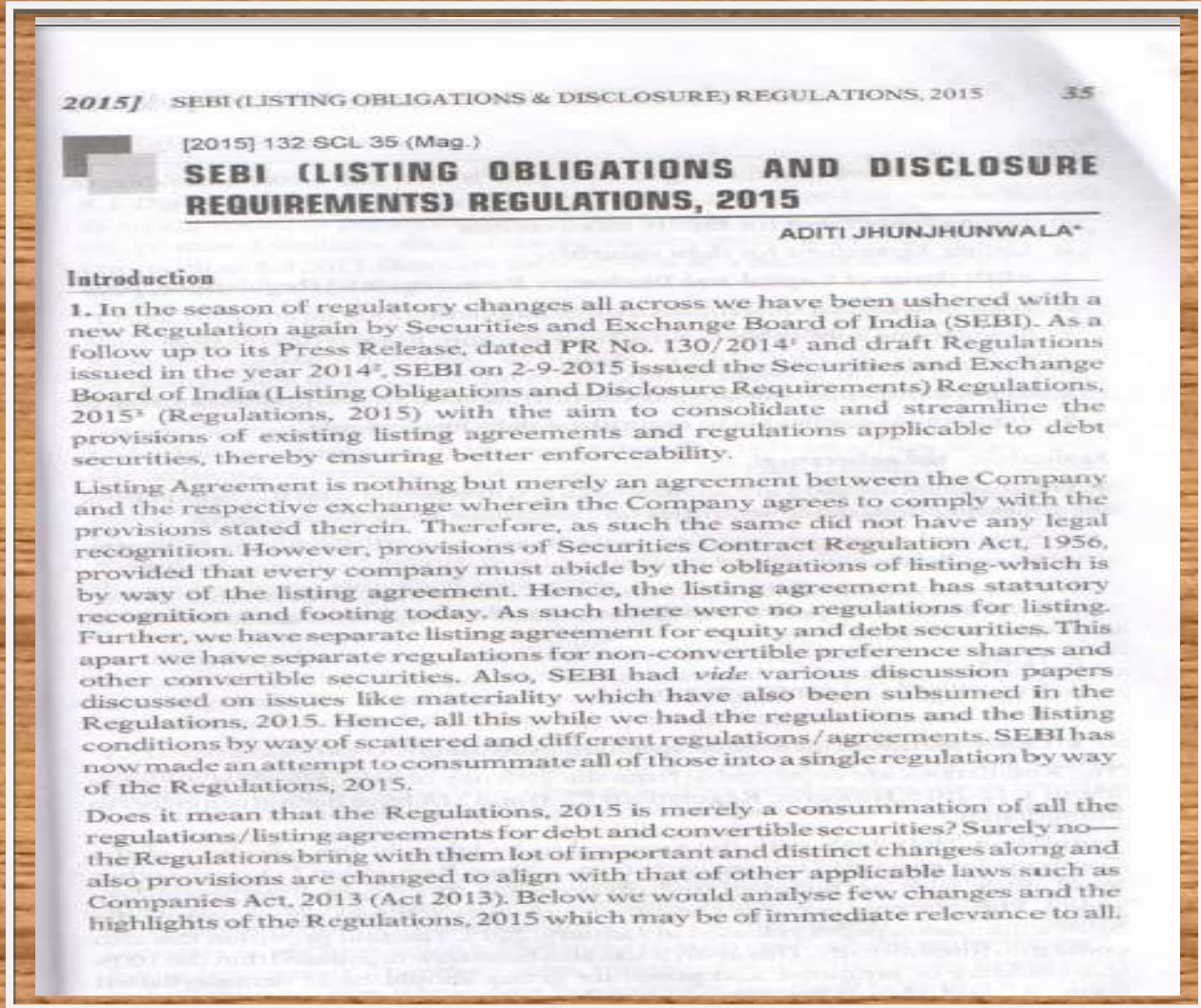
In India, the traditional sources of funding are well established. Banks and financial

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## Article on SEBI( Listing Obligations and Disclosure Requirements) Regulations,2015

- by Ms. Aditi Jhunjhunwala got published in [SCL magazine](#)




The article can also be viewed on our website: [india-financing.com](http://india-financing.com)



## Article on Guidance Note on Insider Trading

- by Ms. Surbhi Jaiswal got published in [CPT magazine](#)



**SURBHI JAISWAL**  
Manager at Vinod Kothari  
Consultants Pvt. Ltd.

**CORPORATE LAWS**

### SEBI's guidance note on ESOPs - A boon for small companies

#### Introduction

1. SEBI had issued SEBI (Prohibition of Insider Trading) Regulations, 2015 (Regulation, 2015) consequent to which SEBI (Prohibition of Insider Trading) Regulation, 1992 (Regulation, 1992) was repealed. Regulation, 2015 contains several new features and the scope is wide enough to include almost every person who can be deemed to be an insider so as to curb this unfair trade practice. However, the applicability of Regulation, 2015 to Employee Stock Options (ESOP) schemes was ambiguous. The Model Code of Conduct under Regulation, 1992 clearly provided carve out in this regard. In this regard, various representations and queries were addressed to SEBI requesting clarity on the same. SEBI in response to these queries and by virtue of the power bestowed upon it under regulation 11 of Regulation, 2015, has come out with a Guidance Note (Note) as a resolve to this abstruse situation.

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## Article on Accounts Amendment Rules, 2015

- by Ms. Munmi Phukon got published in [CPT magazine](#).

**CORPORATE LAWS**

### New Annual AOC 4 Form increases liability of certifying professionals

MUNMI PHUKON  
Corporate Law Services  
Vinod Kothari & Company

#### Introduction

1. The Ministry, on September 7, 2015, has issued the Companies (Accounts) Second Amendment Rules, 2015 (Amendment Rules, 2015). The same shall come into force from the date of publication in the Official Gazette. Seeing the contents of said Rules, it is felt that some unnecessary duplicity is being created. Also, the burden of responsibility of the professional certifying the Forms to be filed for filing of financial statements has been swelled. They shall have to be more concerned and careful before the certification and shall also have to be well versed with the provisions of the Companies Act, 2013. Here is an analysis.

#### Scope

2. The provisions provided hereunder are applicable to all companies except specific provisions that may be applicable to the prescribed companies such as CSR.

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## Article on Material Events and Disclosure thereof: The provisions under Listing Obligations, 2015

- by Ms. Munmi Phukon got published in [SCL magazine](#)

2015]

MATERIAL EVENTS AND DISCLOSURE THEREOF

41

[2015] 132 SCL 41 (Mag.)

### MATERIAL EVENTS AND DISCLOSURE THEREOF: THE PROVISIONS UNDER LISTING OBLIGATIONS, 2015

MUNMI PHUKON\*

#### Introduction

1. SEBI had issued an approach paper last year on the draft Listing Obligations and Disclosure Requirements Regulations ('Draft Regulations') seeking public comments thereon. Thereafter, on 2-9-2015, SEBI has come up with the final version of the Listing Obligations and Disclosure Requirements Regulations, 2015 ('Regulations'). These Regulations shall come into effect on 90th day of its publication in the official gazette i.e. on 1-12-2015, except sub-regulation (4) of Regulations 23 and 31A. It is evident from the text of the aforesaid Regulations that the whole Regulations are a compilation of the existing listing requirements and consummation of previous discussion papers on materiality and on promoter and promoter group. However, *vide* these Regulations, SEBI has provided some amount of clarity on the requirements to be observed by listed entities which was not so clear in the earlier listing requirements. One of those is about determination of material events and disclosure thereon.

Regulation 30 of the aforesaid Regulations provide for disclosure of material events/information to be made by the listed entities having its specified securities<sup>1</sup> listed. With this regard, SEBI has also issued a Circular CIR/CFD/CMD/4/2015 on 9-9-2015 ('SEBI Circular') in order to provide guidance on timely, adequate and complete disclosure of such material events by the listed entities. The Regulations have provided some of the events/information which is to be treated as deemed material and some of the events/information are to be treated material subject to application of some materiality test. This write up, deals with the same, in detail.

#### Provisions under the Regulations

2. Till date, Clauses 20, 22, 27, 29, 30, 31 and 36 of the Equity Listing Agreement have been dealing with the various disclosures to be made by the listed companies. However, there was no lucid meaning or clarity provided to the concept of materiality. However, SEBI had, in last year come out with a discussion paper on material events ('discussion paper') soliciting comments from public for alteration of existing Clause 36, whereby it had proposed to provide two criteria i.e. qualitative and quantitative criteria for determination of materiality and two types of test i.e. price impact test and reasonable investor

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## Article on Comparative Analysis of old and new version of MGT-7


- by Mr. Aman Nijhawan and Ms. Nikita Snehil got published in  
[CPT magazine](#)

CORPORATE LAWS

### Comparative analysis of old and new version of MGT-7



AMAN NIJHAWAN  
Research Analyst,  
Vinod Kothari & Company



NIKITA SNEHIL  
Management Trainee,  
Vinod Kothari & Company

#### Introduction

1. The Ministry of Corporate Affairs (MCA) has *vide* Notification dated August 28, 2015<sup>1</sup> issued Companies (Management and Administration) Rules, 2015 ('August 28 Notification') pursuant to which amendments e-form MGT-7 has been issued. This notification is a follow up to MCA's General Circular dated 10/2015<sup>2</sup> wherein it was stated that the e-format of form MGT-7 will be made available by September 30, 2015.

#### A comparative table

2. Considering that companies are gearing up to convene their AGMs in the near future, we have put together a comparative table detailing the difference in formats between earlier form MGT-7 and e-form MGT-7:

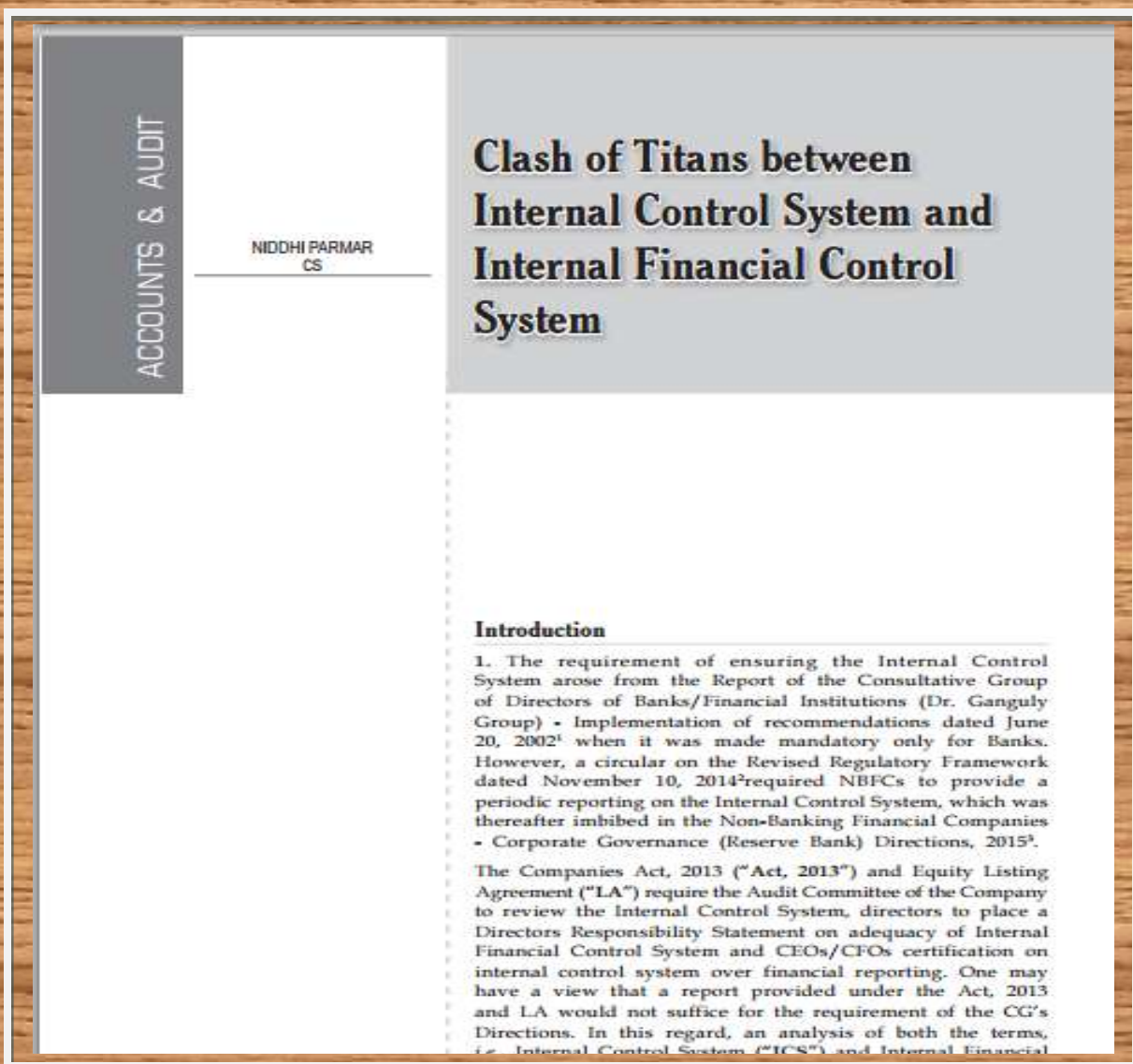
Sl. No.	Broad heads in form MGT-7	Broad heads in e-form MGT-7	Our Analysis
1.	Registration and Other Details containing details such as CIN, name of the company, registered office address, email id	Registration and Other Details containing similar details as in form MGT-7 except that the CIN of RTA has	The CIN of the RTA is a novel requirement in e-form MGT -7. Further contact details of the RTA need not

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## Article on Internal Control System and Internal Financial Control System

- by Ms. Niddhi Parmar got published in [CPT magazine](#).



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## Our Corner

### Birthday Celebration of Mr. Abhirup Ghosh



**Ms. Nidhi Bothra at Indian Securitisation  
Market: an event organized by organized  
by ASIFMA, Hong Kong**





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