ICSI-EIRC NEWSLETTER

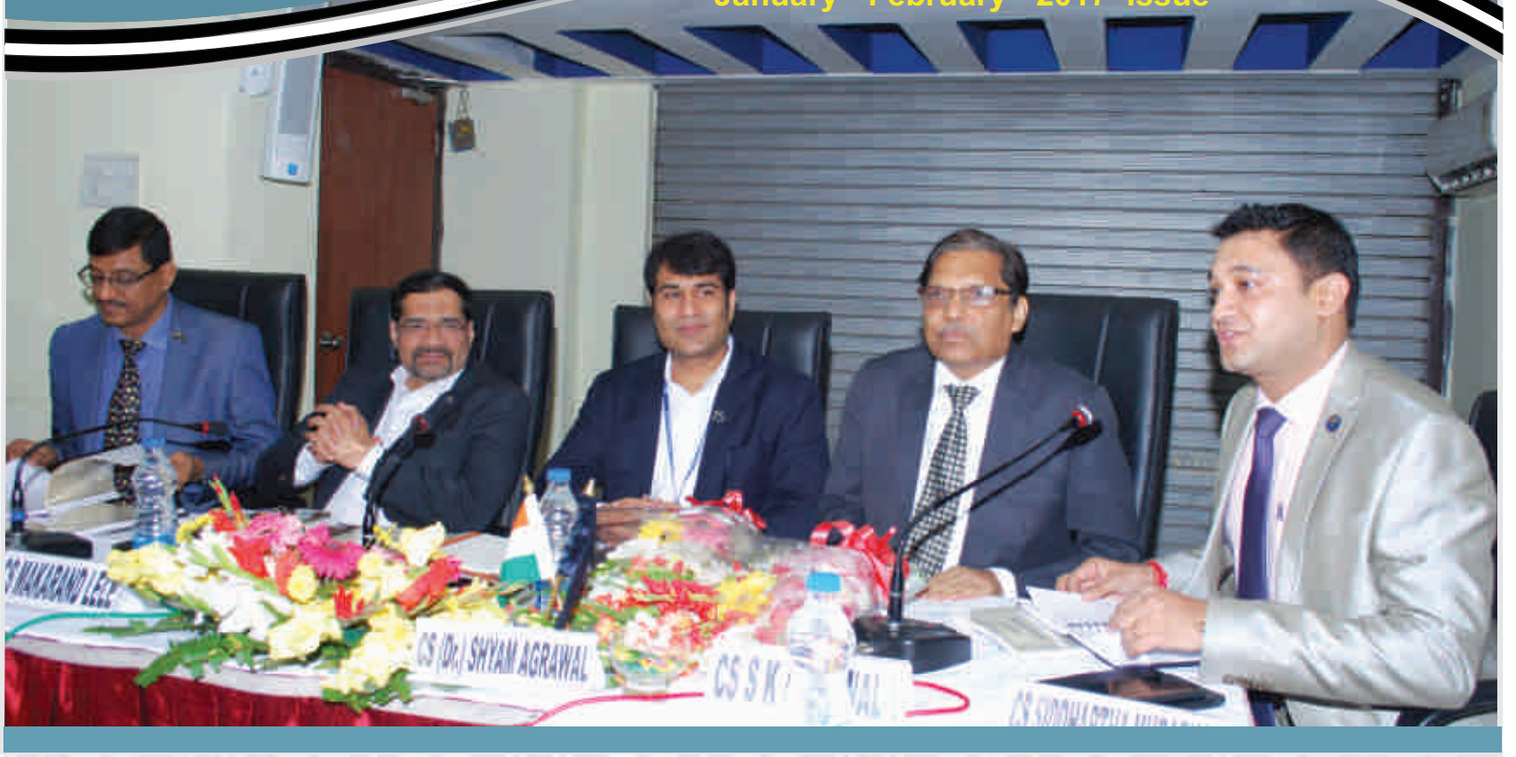
EASTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

January - February - 2017 Issue



CS Dinesh Chandra Arora, Secretary, ICSI; CS Makarand Lele, Vice President, ICSI; CS (Dr.) Shyam Agrawal, President, ICSI; CS Santosh Kumar Agrawala, Council Member, ICSI and CS Siddhartha Murarka, Chairman, EIRC-ICSI during the President Meet held at Kolkata

Office Bearers of Chapters, present in the meeting, taking oath of the office

Content

CHAIRMAN'S MESSAGE

My Dear Esteemed Colleagues,

At the outset, please accept warm greetings and wishes of Holi on behalf of the Eastern India Regional Council (EIRC) of ICSI! It gives me immense pleasure in sharing my thoughts with you for the second time through this Communique in the capacity of Chairman of EIRC-ICSI.

In these two months, my Council has tried to touch upon several aspects of the Institute's working. Placement has been an area of concern in the entire Eastern Region. Limited number of large organizations in this part of the Country has made placement of our Members difficult. To mitigate this problem, we have not only been trying to promote and propagate the role of Company Secretaries in many forums but we have also been discussing with many organizations about placement of our members in non-secretarial role. We have received very encouraging response. In fact, HSBC Global Delivery Center has proposed to recruit our members immediately and we are in the process of finalizing the modalities of recruitment.

Capacity Building for members and training for students is a priority. While conducting programs in big hotels helps in brand building but my focus has been more on scheduling topics of relevance and selection of subject matter experts as faculty. We are also gradually trying to improve quality of

Student Training Programs including MSOP. We are working to drive focus on quality trainers and apt topics rather than solely focusing on administrative matters. Rotation of topics and faculties will also help enhance quality of training programs. We are also encouraging young members to come and speak at appropriate forums so that not only they develop confidence of public speaking but the Institute also gains by increasing its databank of speakers.

We are also working towards directing seminars and workshops from just learning and networking opportunity to professional opportunity as well. It is in this direction that we are organizing programs with Chambers of Commerce etc so that our practicing fraternity gets in touch with non-CS fraternity also who may become their prospective clients.

In these two months we have organized several events and programs which reflect our professional aspirations and social feelings as a fraternity. Some of these events are Republic Day Celebration, Saraswati Puja Celebration, Discussion on Union Budget 2017, Full Day Seminar at Hotel Oberoi Grand on "Evolving Opportunities for Company Secretaries" and the unique initiative called "Companies Act Pe Charcha".

In the month of March, my Regional Council had the privilege to Felicitate newly elected President of ICSI, CS (Dr.) Shyam Agrawal and Vice President, CS Makarand Lele. We were even more delighted to have the august presence of Chairmen and Secretaries from our Chapters of the Eastern Region. Like we at the Regional level pledged our full-fledged support and cooperation to ICSI Head Office, similarly, the Chapters extended their warmth, support and cooperation to the Regional Council. The President, Vice President, Central Council Members from Eastern Region, myself along with my Regional Council colleagues and Office Bearers from the Chapters took the Oath to serve ICSI with integrity and sincerity. This Oath was administered to us by none other than our National President, CS (Dr.) Shyam Agrawal.

This month we also celebrated International Women's Day where we ensured that it was an all-woman dais right from the Chief Guest to the speakers and other dignitaries. My Council Colleague, CS Rupanjana De led the event which went on extremely well. To promote the spirit of the occasion my Council Colleague, CS Ashok Purohit and I decided not to be part of the dais. In association with NSE, we organized a very well laid out program on Secretarial Audit where the Chief Regulatory Officer of NSE, CS (Dr.) V R Narasimhan shared extremely valuable insights on Secretarial Audit. His thoughts were appreciated by one and all. On this occasion, we were also delighted to have with us Regional Director of SEBI, Mr. A. Sunil Kumar.

My Council Colleagues, CS Ashok Purohit and CS Gautam Dugar have been leading efforts in Investor Awareness and Career Awareness programs, amongst others, which is also promoting and propagating the brand ICSI. We also went to premier business school, IISWBM and promoted the brand ICSI.

Our Newsletter is scheduled to be released this month and to promote a greener environment we have decided to email electronic copy of the same instead of sending printed copy. This will not only be environment friendly but will also save precious financial resources of the Institute.

My Regional Council Members and our respected Central Council Members, CS S K Agrawala and CS Mamta Binani have been supporting and guiding me in all my initiatives. Needless to mention the untiring and dedicated efforts of my EIRO colleagues ably led by Mr DVNS Sarma provides strength to the Regional Council.

I once again acknowledge the efforts put in by our Past Presidents, Past Chairmen and Council Colleagues in building this Institution of Excellence. We as a team will endeavor to take the legacy forward.

I request my fellow members and students to reach out to me with their thoughts at my coordinates provided below-

CS Siddhartha Murarka

M: +91 99033 77959

E: chairman.eirc@icsi.edu

E: siddharthamurarka@gmail.com

With warm regards

Your privileged colleague

Siddhartha Murarka

Chairman - EIRC-ICSI

Office Bearers of EIRC -2017

CS Siddhartha Murarka
Chairman

CS Ashok Purohit
Vice-Chairman

CS Gautam Dugar
Secretary

CS Rupanjana De
Treasurer

CS Sandip Kumar Kejriwal
Member

CS Sunita Mohanty
Member

CS Mamta Binani
Ex-Officio Member

CS Santosh Kumar Agrawala
Ex-Officio Member

President of ICSI -2017

CS (Dr.) Shyam Agrawal
President

A man of stupendous vision, professional vigour and colossal discipline having an unyielding belief in prosperity of revered profession of Company Secretaries, CS (Dr.) Shyam Agrawal of the Institute of Company Secretaries of India (ICSI) has taken over as the zenithal torch-bearer of Corporate Governance profession in India for the year 2017 on joining the Institute as 'the President' from 19th January 2017.

His association with the Institute eventuated on earning Associate Membership from the Institute in the year 2005. Being a Fellow Member of the Institute, his proactive and whole hearted approach towards matters concerning excellence of profession and his unique qualities made majority members to foster his candidature for elections of 'Jaipur Chapter of NIRC-ICSI' in the ensuing year of 2006 for the term 2007-10. His caliber led him to emerge as a winner of these elections and he, thereby became a Member of Managing Committee and further the 'Chairman of Jaipur Chapter' in the years 2009 and 2010. His initiatives for 'Jaipur Chapter' further built up a budding support for contesting elections of NIRC of ICSI in the year 2010. His zest for upliftment of CS profession led him to earn 'Highest First Preference Vote' in NIRC elections and he was elected as a 'Regional Council Member' for the term 2011-14. Excellent approach towards his work led to his election as the 'Vice Chairman of NIRC' in the year 2013 and subsequently, the position of 'the Chairman, NIRC' in the year 2014.

Moving forward, his sprightliness led him to be elected as a 'Central Council Member' for the term 2015-18 and then the 'Vice President of ICSI' during the year 2016. During all these years, he has already proved his exceptional organizational, administrative and leadership qualities. To mention particularly, this is a distinct instance of any member of ICSI winning elections in the very first attempt at the Chapter, Regional as well as Central Council level and occupying supreme positions at these levels in the very first attempt at such a young age.

Besides being a learned Company Secretary, he is also a thoroughly academically accomplished person and a learned researcher. He not only holds Degree of Master of Law (LLM) and but is also holder of a Doctoral Degree (Ph.D) in Law on the topic 'Micro, Small and Medium Enterprises: An Analytical Study of Law, Practice and Procedures'. Besides, he is also a Member of the Chartered Institute for Securities & Investment, United Kingdom.

CS (Dr.) Shyam Agrawal has proved his mettle and professional at national as well as international platforms. A feather to his cap, he has been associated with various Chambers of Commerce and Industry and Non-Governmental Organizations and won many accolades. Furthermore, he was Member of educational advisory and discussion panels of leading newspapers, a sought-after faculty at the diverse seminars, Study Circle Meetings and distinctive training programs of ICSI and other professional bodies. Therefore, he leaves no stone unturned to put interest of CS profession in a range of national print and electronic media.

Having social and ecological issues in his heart, he also initiated a Signature Campaign on a clamorous theme 'Save Water, Respect Nature and Global Warming'. Taking Governance beyond Board Rooms, he has fervently been raising issues of improving the quality of Governance in the Indian Political Systems and initiated campaign on "Cast Your Vote" in the rural and remote parts of the country to create awareness among people about value of their Vote.

He is also a recipient of the Prestigious "Emerging Leader of the Year" Award in the year 2016. He holds positions of Director, Governance Research and Knowledge Foundation, ICSI and Director, ICSI Insolvency Professional Agency and vouches for taking the profession of Company Secretaries of India on a sky-scraping pedestal of Governance globally.

Vice-President of ICSI -2017

CS Makarand Lele
Vice-President

CS Makarand Lele is a Fellow Company Secretary (FCS) and Member of The Institute of Company Secretaries of India since 1992. He has completed his Commerce graduation (B.Com) from Garware College of Commerce Pune and Law graduation (L.L.B) from ILS Law College Pune. He holds the Certificate of Practice of ICSI since 1993.

His expertise is in providing total business solutions. He has been consulting to various Indian and International businesses on compliances, governance, risk management, joint ventures, policies, structuring and various critical matters in corporate laws over 2 decades.

He is actively associated with The Institute of Company Secretaries of India (ICSI) since 1994. He was Chairman of the Pune Chapter for the year 2003, and during his tenure as the Chairman, Pune chapter was conferred with 'Best National Chapter' Award .

He was a member of Western India Regional Council of ICSI for the terms from 2007-14 and was also the Chairman of Western India Regional Council of ICSI in the year 2011.
He is appointed as the first Chairman of ICSI Auditing Standards Board formed by The Institute of Company Secretaries of India. He is also a Core Group Member of Corporate Legislation sub-committee of Mahratta Chamber of Commerce, Industry & Agriculture (MCCIA) and was invitee on the Business Law Syllabus Review Committee of University of Pune.

CS Makarand Lele is a popular faculty for training programmes & seminars organized by ICSI & other professional bodies. He is a guest faculty for regulatory and judicial training programmes of government of India and private organizations. He has delivered several lectures on various aspects of the Companies Act 2013, FEMA & on topics like governance and compliances. He regularly contributes to professional and business journals & in local leading newspapers & magazines.

Chapter Management Committees-2017

Sl.No	Name	Designation
BHUBNESWAR CHAPTER		
1)	CS PRIYADARSHI NAYAK	Chairman
2)	CS SURENDRA NATH MALLICK	Vice-Chairman
3)	CS RAJENDRA KUMAR KAR	Secretary
4)	CS ASHOK KUMAR MISHRA	Member
5)	CS BIDHAN CHANDRA DEBATA	Member
6)	CS DEBADATTA MOHAPATRA	Member
7)	CS UTTAM KUMAR MOHALLIK	Member
8)	CS SUNITA MOHANTY	Ex-Officio
DHANBAD CHAPTER		
1)	CS RITU RITOLIA	Chairperson
2)	CS MOHIT MALPANI	Vice-Chairman
3)	CS PANKAJ KUMAR SINGH	Secretary
4)	CS NEETA MALHOTRA	Treasurer
5)	CS B.K.PARUI	Member
6)	CS DINESH KUMAR VERMA	Member
7)	CS NEHA KHERIA	Member
GUWAHATI CHAPTER		
1)	CS AMIT PAREEK	Chairman
2)	CS PRAVIN KUMAR CHHAJER	Vice-Chairman
3)	CS VIVEK SHARMA	Secretary
4)	CS RAJ KUMAR SHARMA	Treasurer
5)	CS BIMAN DEBNATH	Member
6)	CS PANKAJ JAIN	Member
7)	CS VIKASH KUMAR JAIN	Member
HOOGHLY CHAPTER		
1)	CS ABHIJIT NAGEE	Chairperson
2)	CS RAJAN SINGH	Vice-Chairman
3)	CS GANGA MAHARSHI	Secretary
4)	CS ADITYA PUROHIT	Member
5)	CS AMIT KHOWALA	Member
6)	CS CHANDRA KUMAR JAIN*	Member
7)	CS HANSRAJ JARIA	Member

CS Priyadarshi Nayak
Chairman

CS Ritu Ritolia
Chairperson

CS Amit Pareek
Chairman

CS Abhijit Nagee
Chairperson

*CS C K Jain resigned from the Managing committee of Hooghly Chapter in the month of March

Chapter Management Committees-2017

Sl.No	Name	Designation
JAMSHEDPUR CHAPTER		
1)	CS RABI NARAYAN KAR	Chairman
2)	CS V. NATARAJAN	Vice-Chairman
3)	CS SITAL PRASAD SWAIN	Secretary
4)	CS ADARSH KUMAR AGARWAL	Treasurer
5)	CS PRAMOD KUMAR SINGH	Member
6)	CS RAJESH MITTAL	Member
7)	CS RAMESH KUMAR SINGH	Member
PATNA CHAPTER		
1)	CS RUCHIKA PRAKASH KALRA	Chairperson
2)	CS MANJAY KUMAR	Vice-Chairman
3)	CS SUDHIR KUMAR	Secretary
4)	CS MRINAL SHANKAR	Treasurer
5)	CS AJAY KUMAR	Member
6)	CS ARUN KUMAR GARODIA	Member
7)	CS PUSHPA RANI	Member
8)	CS SUBIR KUMAR	Member
9)	CS SANTOSH KUMAR	Co-opted Member
RANCHI CHAPTER		
1)	CS PUJA KUMARI	Chairperson
2)	CS C.V.N. GANGARAM	Vice-Chairman
3)	CS SUBHASH BHARTI	Secretary
4)	CS VANDANA SINGH	Treasurer
5)	CS KUMAR GAURAV	Member
6)	CS RAJEEV RANJAN	Member
7)	CS SANJEEV KUMAR DIKSHIT	Member

CS Rabi Narayan Kar
Chairman

CS Ruchika Prakash Kalra
Chairperson

CS Puja Kumari
Chairperson

List of Activities organised by EIRC from 1.1.2017 to 28.2.2017

Date	Programme / Activity	Venue
3.1.2017	Discussion Meeting on "CS – A Good KMP"	ICSI-EIRC House
4.1.2017 to 18.1.2017	117th MSOP	ICSI-EIRC House
4.1.2017 to 18.1.2017	118th MSOP	ICSI-EIRC House
5.1.2017	Half Day Workshop on "Corporate Law Compliance" and "Role of CS in present era"	Amravati Hotel, Siliguri
6.1.2017	Half Day Workshop on "What Great Managers Do Differently"	The Park, Kolkata
6.1.2017	HR Conclave	The Park, Kolkata
7.1.2017	Half Day Workshop on "M&A, LLP, Charge Management, SS1 & Ss2"	ICSI-EIRC House
7.1.2017	Half Day Workshop on "CSR"	CMA Bhawan, Kolkata
8.1.2017	Picnic	Eco Park, Kolkata
9.1.2017	Campus Placement	ICSI-EIRC House
14.1.2017	Full Day Seminar on "Company Secretary – The Road Ahead"	The Park, Kolkata
26.1.2017	Republic Day Celebration	ICSI-EIRC House
1.2.2017	Saraswati Puja Celebration	ICSI-EIRC House
3.2.2017	Presentation cum discussion Meeting on Union Budget 2017	ICSI-EIRC House
9.2.2017 to 10.2.2017	Professional Induction Programme *(Two days academic programme)*	ICSI-EIRC House
14.2.2017 to 2.3.2017	119th MSOP	ICSI-EIRC House
16.2.2017 to 18.2.2017	Professional E-Governance Programme *(Three days academic programme)*	ICSI-EIRC House
18.2.2017	Full Day Seminar on "Evolving Opportunities for Company Secretaries"	Hotel Oberoi, Grand, Kolkata
21.2.2017 to 25.2.2017	Professional Skill Development Programme *(Five days academic programme)*	ICSI-EIRC House
25.2.2017	Companies Act pe Charcha	ICSI-EIRC House
22 Career Awareness Programmes were organised during this period.		

List of Activities organised by Chapter under EIRC from 1.1.2017 to 28.2.2017

Bhubaneswar Chapter	
1.1.2017	**Celebration of Udai Divas**
4.1.2017-15.1.2017	**Participation in 12 days Rajdhani Book Fair-cum-Career Exhibitions**
7.1.2017-9.1.2017	**Participation in 3 days Career Fair**
26.1.2017	**Celebration of Republic Day**
1.2.2017	**Celebration of Basant Panchami / Sri Panchami**
6.1.2017-10.1.2017	**5 days skill development academic programme**
7.2.2017	**Talk on Union Budget – 2017**
Dhanbad Chapter	
26.1.2017	**Republic Day Celebration**
Hooghly Chapter	
08.1.2017	**8th Annual Members Conference**
15.1.2017	**9th, 10th , 11th & 12th Study Circle Meeting**
26.1.2017	**Celebration of Republic Day**
01.2.2017	**Celebration of Saraswati Puja**
05.2.2017	**Union Budget –Discussion Meeting – 2017-18**
19.2.2017	**Full Day Seminar on the topics "NCLT",**
	"Fast Track Mergers & recent changes in NBFC Regulations" and "GST"
Jamshedpur Chapter	
11.1.2017	**Campus Selection for Articleship Training**
31.1.2017	**Campus Selection for ICSI Members**
01.2.2017	**Panel Discussion on Union Budget 2017**
	4 CAREER AWARENESS PROGRAMME were organized during this period.
North-Eastern (Guwahati) Chapter	
26.1.2017	**Celebration of Republic Day**
01.2.2017	**Celebration of Saraswati Puja**
11.2.2017	**Study Circle Meeting and PDP (Full day Seminar)**
15.2.2017	**Opening of ICSI-Agartala Study Centre**
	5 CAREER AWARENESS PROGRAMME were organized during this period.
Ranchi Chapter	
20.1.2017-24.1.2017	**3rd 5-days Entrepreneurship Development Programme**
1.2.2017	**Saraswati Puja**
	2 CAREER AWARENESS PROGRAMME were organized during this period.
Patna Chapter	
29.1.2017	**Professional Development Programme**
25.2.2017	**Professional Development Programme**

Republic Day Celebration on 26.1.2017

Group Photo of Council Members of EIRC of ICSI , EIRO officials, students and members along with Ms Manorama Kumari,Hon'ble NCLT Member (Judicial)

Group photo of dignitaries taking Swatch Bharat Pledge

Saraswati Puja / Basant Panchami Celebrations on 1.2.2017

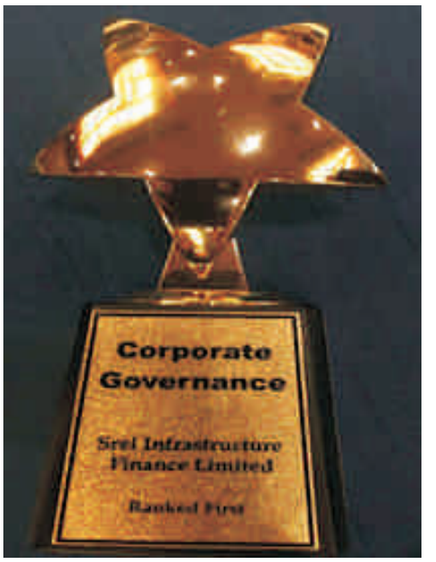
Members and Students with the Officials of EIRC-ICSI at the Saraswati Puja Celebrati

Presentation cum Discussion Meeting on Union Budget 2017-18 on 3.2.2017

On the dais (L to R) CS Ashok Purohit, Vice Chairman, ICSI-EIRC, CA Kapil Basu, Associate Director, PWC,CS Siddhartha Murarka, Chairman, ICSI-EIRC, CA Tarun Goyal, Practising Chartered Accountant

119th MSOP from 14.2.2017 to 2.3.2017

YOU MAKE US PROUD



Srei Infrastructure Finance limited has been adjudged as the winner of "Corporate Governance and Sustainability Vision Award 2017" by the Indian Chamber of Commerce. The award was received by Mr. Sandeep Lakhotia, Group Head and Company Secretary on 15th February, 2017 at New Delhi.

CS Raj Kumar Sharma, a Fellow Member of The Institute of Company Secretaries of India, who is the two times past Chairman of North Eastern Chapter (Guwahati) of EIRC of ICSI and at present Treasurer of the Chapter and a leading practicing Company Secretary from Guwahati has been appointed as Non-official Independent Director of Numaligarh Refinery Limited by Union petroleum Ministry, Govt. of India for three years. CS Raj Kumar Sharma is the State Treasurer of Assam State Bharatiya Janata Party.

The Numaligarh Refinery Limited is situated in Assam and it is a joint venture of Bharat Petroleum, Oil India and Govt. of Assam.

YOU MAKE US PROUD

We have great pleasure to inform that the fourth edition of "Guide to SEBI – Capital Issues, Debentures and Listing" (set of 2 vols.) of CS K Sekhar covering the latest legal positions under major Acts such as the SEBI Act, 1992, Securities (Contracts) Regulation Act, 1956, Depositories Act, 1996, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the relevant portions of the Companies Act, 2013 and Foreign Exchange Management Act, 1999 is released.

We have great pleasure to inform that CS Anand Srivastava, Company Secretary and Associate General Counsel of PricewaterhouseCoopers Private Limited has been included in the GC Powerlist 2016. The GC Powerlist 2016 has been released by Legal500 and it lists 100 most influential in-house counsels in India. More details about the GC Powerlist is available at http://www.legal500.com/assets/pages/cc100/2016/india.html
The GC Powerlist is a series of publications, highlighting the most influential in-house lawyers in business today. The latest editions to be published are China and Hong Kong, Southeast Asia, Africa Teams, Central America and India.

THE FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) & COMMON REPORTING SYSTEM (CRS)

Authored by : CS ANURAG GUPTA
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Governments all around the world are in deep concern for Tax Evasion and Tax Avoidance done by the use of offshore financial accounts. There is an international consensus that strong measures are required to be adopted to replace the domestic measures by enhanced government actions such as mutual cooperation to exchange tax information in an automatic basis. Ahead of many countries, India has joined Multilateral Competent Authority Agreement (MCAA) to implement Automatic Exchange of Information based on Common Reporting System (CRS). From the year 2017, 56 countries including India will start sharing tax information on an automatic basis. Whereas, it is targeted to reach to more than 100 countries till the year 2018.

India has also signed an Inter Governmental Agreement (IGA) with the United States of America (USA) for implementing Foreign Account Tax Compliance Act (FATCA) enacted under the federal law of USA. These arrangements will authorize Indian tax authorities to automatically receive information of Indian residents who have assets in participating foreign countries jurisdictions. Similarly, India will also need to provide information to other participating country about their residents holding assets in Indian jurisdiction.

The Income Tax Act, 1961 and the Income Tax Rules, 1962 shows the necessary compliance along with the reporting required in its **Rules 114F to 114H** and **Form 61B** of the Income Tax Rules, 1962. The compliance generally frames three issues namely:

- Who is required to report?
- What is required to be reported?
- What is the format and timeline of reporting?

Reporting Financial Institution[1] will review the **Financial Accounts**[2] by applying due diligence to identify **Reportable Accounts**[3] and will report the relevant information in respect of reportable account in Form 61B.

[1]As per **Rule 114F (7), Reporting Financial Institution (RFI)** means:

- A **financial institution** [Rule 114F (3)] which is resident in India, but excludes any branch of such institution, that is located outside India; and
- Any branch, of a financial institution which is not resident in India, if that branch is located in India.

[2]As per **Rule 114F (1), Financial account** means an account maintained by a financial institution, and includes:

- A depository account;
- A custodial account;
- In the case of an investment entity, any equity or debt interest in the financial institution;
- Any specified Insurance company i.e., an entity that issues or obligated to make payment with respect to, a Cash Value Insurance Contract or an Annuity contract.

[3]As per **Rule 114F (6), Reportable account**, means a financial account which has been identified, pursuant to the due diligence procedures provided in Rule 114H, as held by:

- A reportable person [Rule 114(8)]; or
- An entity, not based in USA, with one or more controlling persons that is a specified US person; or
- A passive non-financial entity with one or more controlling persons those are resident of a country outside India (except USA).

Rule 114G (1) discloses the Information to be **maintained and reported**. RFI shall maintain and report the following information with respect to each account which has been identified as such pursuant to due diligence procedures specified in Rule 114H of the rules as 'reportable account'.

- The name, address, taxpayer's identification number (TIN) assigned to the country or territory of his residence for tax purposes and date and place of birth of each reportable person, that is an account holder of the account.
- In case of an entity having one or more controlling persons that are reportable person: the name, address, TIN assigned, territory of residence and name, address, place of birth of each such controlling person by the country or territory of his residence.
- The account number or function equivalent in the absence of an account number.
- The account balance at the end of relevant calendar year or, if the account was closed during such year, immediately before closure.

- In case of any **custodial account**, the total gross amount of interest, dividends and other income generated with respected to the assets held in the account, in each case paid or credited to the account during the calendar year, and the total gross proceeds from the sale or redemption of financial assets paid or credited to the account during the calendar year with respect to which the RFI acted as a custodian, broker, nominee, agent for account holder.
- In case of any **depository account**, the gross amount of interest paid or credited to the account during the relevant calendar year.

  In case of the account other than custodial or depository account, including accounts held by investment entities and cash value insurance contracts and annuity, the gross total amount paid or credited to the account holder with respect to the account during the relevant calendar year with respect to which the RFI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the relevant calendar year; and

  In case of any account held by a non-participating financial institution, for the year 2015-16, the name of each non-participating financial institution to which payment have been made and the aggregate amount of such payment.

Due Diligence requirement (Rule 114H)

The RFIs need to identify the Reportable Accounts by carrying out due diligence procedures. There are different due diligence procedure for accounts held by Individuals and accounts held by Entities. There is a further classification of accounts as **'Pre-existing accounts'** and **'New accounts'**.

Pre-existing accounts means financial accounts maintained by the RFI:

- In case of a US reportable account- as on 30 June 2014; and
- In case of other reportable account- as on 31 December 2015.

A **New account means** financial accounts maintained by the RFI;

- In case of a US reportable account- opened on or after 1 July 2014; and
- In case of other reportable account- opened on or after 1 January 2016.

The due diligence procedure is also dependent on balance/value of the financial account. On the basis of balance/value, accounts are also classified **High value** and **Lower value** accounts. This can be depicted in the following table:

Classification of accounts	Status	Value	Due diligence threshold
Pre-existing- US (as on 30.06.2014)	Individual	High Value Account	Account balance/value exceeds $1,000,000
		Lower Value Account	Account balance/value exceeds $50,000 but does not exceeds $1,000,000
	Entity	NA	Account balance/value exceeds $250,000
New- US (opened after 30.06.2014)	Individual	NA	Account balance/value exceeds $50,000*
	Entity	NA	No threshold
Pre-existing- Other (as on 31.12.2015)	Individual	High Value Account	Account balance/value exceeds $1,000,000
		Lower Value Account	Account balance/value does not exceeds $1,000,000
	Entity	NA	Account balance/value exceeds $250,000
New- Others (opened after 31.12.2015)	Individual	NA	No threshold
	Entity	NA	No threshold

*only for depository account and cash value insurance contract

Accounts not required to be reviewed or reported

There are certain preexisting individual accounts which are required to be reviewed or reported. Rule 114H (3) (a) describes the criterion which is as follows:

In case of other reportable accounts

- If the account value as on 30th June, 2014 does not exceed $50,000.
- If the account is a cash value insurance contract or an annuity contract, and account balance as on 30th June 2014 does not exceed $250,000
- If the account is a cash value insurance contract or an annuity contract and the RFI, under any law for the time being in force in India or of the USA, is prevented from selling such contract to a person who is a resident of the USA.

If it is a cash value insurance contract or an annuity contract and RFI, under any other law for the time being in force in India, is prevented from selling such contract to a person who is not a tax resident of India.

*All other accounts are required to be reviewed unless they are excluded accounts.

CAPITAL RESTRUCTURING OF CPSES

Authored by : CS TRUPTI UPADHYAY
e-mail : trupti@vinodkothari.com

Introduction

In supersession of the earlier guidelines issued, the Department of Public Enterprises (DPE), Department of Expenditure & Department of Economic Affairs in the Ministry of Finance have issued Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) dated 27th May, 2016 (the 'Guidelines').The applicability of the Guidelines would be subject to the provisions of the Act under which a CPSE has been set up, as amended from time to time any other extant regulations/rules. The Guidelines are issued in a consolidated form consisting of the general principles and mechanism for capital restructuring of CPSEs involving the following

- Issue of bonus shares;
- Buyback of shares;
- Splitting of shares; and
- Declaration of dividend.

The primary intention behind the said Guidelines as announced in the Budget 2016-17, was adoption of a comprehensive approach for efficient management of the investment in CPSEs.

Applicability of the Guidelines

The said Guidelines are applicable w.e.f. April 01, 2016 to all corporate bodies where Government of India ('GOI') and /or Government controlled one or more body corporate having controlling interest (CPSEs) hold interest. However, the same is not applicable to-

- A body corporate which is prohibited from distribution of profits to its members e.g. companies set up under section 8 of the Companies Act, 2013 or under extant provisions of any other Act or
- A body corporate which has accumulated losses.

How to ensure the compliance with the guidelines by CPSEs?

The Board of directors are responsible for taking up this matter as an agenda item along with a compliance note in the Board Meeting of the Company held and convened for the finalization and approval of annual accounts. The requisite approval of the shareholders of the Company shall also be obtained in the AGM or EGM held immediately thereafter.

The guidelines for payment of dividend

- The Guidelines suggest having a clear dividend policy to be followed by CPSEs in order to maintain healthy balance in capital and net worth. It further provides for minimum payment of minimum annual dividend of 30% of PAT or 5% of the net worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions.

Further, CPSEs will be permitted to pay maximum dividend permissible under the Act under which a CPSE has been set up unless lower dividend proposed to be paid is justified after analysis of the following aspect on case to case basis at the level of Administrative Ministry/Department with the approval of Financial Advisers. In that case, following parameters will be analyzed before payment of dividend by CPSE:

- Net worth of CPSE and its capacity to borrow;
- Long-term borrowings;
- CAPEX/Business expansion needs;
- Retention of profit for further leveraging in line with CAPEX needs; and
- Cash and Bank balance.

The above analysis should confirm that the retention of funds augmenting its net worth is being optimally leveraged to ensure higher investment by CPSEs. CPSEs may apply for exemption from the compliance of the Guidelines of payment of dividend: A report for exemption, if any, shall be submitted by CPSEs through their Administrative Ministry to Secretary, Department of Economic Affairs and Secretary, Department of Investment and Public Asset Management (DIPAM) before the end of the 2nd quarter of the financial year.

Guidelines on Buyback of shares

The earlier guidelines for the buyback of shares provided for that in case any CPSE decides to buy back its own shares from the shareholders using the surplus cash, Department of Disinvestment (DoD) on behalf of major shareholders would tender/offer equity on behalf of Government of India. It also provided for the amendment in the AoA of the Company in case provision for buy back is not mentioned therein.

Every CPSE having net worth of at least Rs. 2000 crore and cash and bank balance of over Rs. 100 crores shall exercise the option to buy- back of their shares as per present Guidelines.

These Guidelines suggest that every CPSEs while considering the proposal for buy back will analyse following parameters:

- Cash and Bank balance;
- Capital Expenditure and business expansion as committed with reference to the CAPEX incurred in the last three years.
- Net worth (Free reserves and paid-up share capital, including other reserves, if any);
- Long –term borrowings and further capacity to borrow on the basis of its 'Net Worth';
- Any other financial commitments in the near future;
- Business/other receivables and contingent liabilities, if any; and
- Market price /book value of share.

Guidelines on Issue of Bonus Shares

The earlier guidelines on issue of bonus shares required CPSEs having reserved in excess of three times of their paid up capital to be directed by their concerned Administrative Ministry to immediately consider the scope for issuing bonus shares to Government of India and pro-rata to other existing shareholders if partial disinvestment has occurred so far. These Guidelines provide that every CPSE should look into and analyze/deliberate in their Board Meeting/Finance Committee, the issue of bonus shares when their defined reserves and surplus are equal to or more than 5 times of its paid-up equity share capital.

The nominee 'official director' shall ensure that the Board of Directors analyses the justification for not issuing bonus shares and the reasons for the same will be recorded specifically. In case the defined reserves and surplus of a CPSE is equal to or more than 10 times of it's paid up equity share capital, such CPSE shall mandatorily issue bonus shares. The defined reserves and surplus would mean free reserves, share premium account and capital redemption reserve account.

Guidelines on Splitting of Shares

The Guidelines requires a CPSE, where market price or book value of its share exceeds 50 times of its face value will split-off its shares appropriately provide that its existing face value of the share is equal to or more than Rs.1.

Exemption for the compliance of Guidelines

DIPAM, Ministry of Finance, Government of India may grant exemption from the compliance of the guidelines if a proposal seeking exemption is submitted by Administrative Ministry to the DIPAM along with their opinion/comments and concurrence of the Financial Advisor in the concerned matter. The following criteria will have to be satisfied for seeking exemption from guidelines on dividend payments in case loss occurred in a year the same will be considered in the following manner:

- If financial parameters of a CPSE, such as, net –worth, reserves & surplus, cash and bank balance etc. are not in sync with the Capex as well as leverage ratio, the company should pay interim dividend out of free reserves at the rate not exceeding the average rate of dividend declared in the three years immediately preceding FY 2015-16 ,subject to the condition that this shall not exceed one –tenth of the sum of its paid-up share capital and free reserves as per the latest audited financial statements prepared as per the provisions of extant Act/Rules.
- The interim dividend should be paid by taking recourse of the amount left in profit and loss account along with the quarter ending profit during the current financial year.
- In case of 100% Government owned CPSE, the company can consider to pay upto 100% of the free reserves and balance in P/L account as interim dividend as per the provisions of law and rules.
- However, for financial year 2015-16 (1st year of implementation of Guidelines), 100% Government owned CPSE should pay interim dividend of at least 5% of its net worth after taking recourse to its free reserves.
- In case a CPSE operational losses are incurred in CPSEs even though there is huge cash & bank balance, the Administrative Ministries/ Financial Advisors would in order to protect Government of India's investment may explore the possibility of buy back of 25% of aggregate of paid-up share capital and free reserves in compliance with the relevant provisions of the Companies Act, 2013.

MEETING OF INDEPENDENT DIRECTORS UNDER SCHEDULE IV OF COMPANIES ACT, 2013

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The Companies Act, 2013 (referred to as "the Act") has introduced a new governance initiative that, the Independent Directors shall meet separately without the attendance of non-independent directors and members of the management. The various requirements for holding a meeting of the Independent Directors are highlighted below:

Applicability

Section 149(8) of the Act has prescribed the Code for Independent Directors read with Schedule IV for every company which has appointed Independent Directors. Clause VII of this schedule requires every company to call for a separate meeting of the Independent directors. These provisions are applicable to listed and unlisted public companies.

Frequency of the meeting

Clause VII (1) of the Schedule IV requires the Independent Directors of the Company to hold at least one meeting in a year. The Secretarial Standard 1 on Meetings of the Board of Directors has clarified that 'year' means a calendar year.

Further, one or more of the Independent Directors may also request an extraordinary meeting of the Independent Directors if they reasonably believe that the management has breached its fiduciary duty.

Who can attend? Can a Company Secretary Attend?

Only Independent Directors can attend without the attendance of non-independent directors and members of management.

The Company Secretary is either reporting to the Board directly or to an Executive Director or any Functional Head and discovered under the 'Senior Management' (Section 178 of the Act). Hence, a Company Secretary should not be a part of this meeting.

Notice of the meeting

Any Independent Director shall call the meeting. However, the Independent Directors may authorise one amongst them to call the meeting.

As similar to other meetings, a minimum of 7 days notice is required to be given and the notice has to be in writing and sent to all directors, intimation by electronic mode is also allowed.

Quorum for the meeting

Clause VII (2) requires that all the Independent Directors of the company shall strive to be present at such meeting; but for conduct of any meeting a minimum of 2 directors is required or one third of the independent directors (any fraction to be rounded off as one) whichever is more shall be the quorum. In case quorum is not present then the meeting stands dissolved and a fresh notice to be given.

Can this meeting be held through video conferencing?

It is preferred that this meeting is conducted in person but there is no prohibition to conduct this meeting through videoconference.

Chairman of the meeting

The Directors may elect one amongst themselves to be the Chairman of the meeting.

Agenda items for meeting of independent directors

Clause VII (3) of Schedule IV requires the meeting shall:

1) review the performance of non-independent directors and the Board as a whole;
2) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
3) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
4) other issues that may involve the management or the executive directors of the company and which is likely to have an impact on the reputation to the company which includes:
   a) Any reporting of deviation of the ethical or governance issues.
   b) Any reporting of insider trading issues
   c) Any reporting on critical whistleblower incident

Recording of minutes

Any Independent Director, authorised in the meeting of Independent Directors, shall record the minutes of this meeting.

Circulation of the minutes

The minutes shall be drafted within 15 days of the conclusion of the meeting and circulated; the directors shall forward their comment within 7 days thereof. The minutes shall be finalised and entered in the Minutes Book within 30 days of the meeting.

Ratification

There is no requirement of ratification or confirmation by the Board unless the meeting itself decides otherwise.

Custody, Preservations of the Minutes and attendance

The law is silent on the same, however it would be recommended that the same be preserved bythe any Independent Director, authorised in the meeting of Independent Directors,orthe Company Secretary on the direction of the Independent Directors.

Sitting fees for attending the meeting

As per rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 a Company may pay sitting fee to a director for attending meetings of the Board or Committees thereof.

However, Section 197(5) of the Companies Act, 2013 prescribes that a director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board.

The meeting of Independent Directors is governed by the code of conduct emphasised in the Act and it cannot be construed as a committee of the Board, hence there is no requirement to pay any sitting fees for conducting the meeting of Independent Director.

COMITTEES OF EIRC - 2017

Name of the Committee	Chairman/ Chairperson of the Committee
Finance Committee	CS Siddhartha Murarka
Professional Development Committee (PDC)	CS Siddhartha Murarka
Training & Educational Facilities Committee (TEFC)	CS Siddhartha Murarka
Placement Committee	CS Siddhartha Murarka
CSBF Committee	CS Santosh Kumar Agrawala
Investor Awareness Programmes Committee	CS Ashok Purohit
Public Relations Committee	CS Ashok Purohit
Library Committee	CS Ashok Purohit
Career Awareness Programmes Committee	CS Gautam Dugar
Study Circle Committee	CS Gautam Dugar
Research & Publication Committee	CS Gautam Dugar
Information Technology Committee	CS Rupanjana De
Building Committee	CS Sandip Kumar Kejriwal
Practising Company Secretaries Committee	CS Sunita Mohanty

SPICE – A PATHWAY FOR EASY INCORPORATION

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SPICE stands for "Simplified Performa for Incorporating Company Electronically", which is another major stride by Ministry towards fast incorporation of new companies after INC – 29 introduced in May, 2015 which covered all the steps right from Name application till the time you have your Incorporation Certificate in your mail-box.

NOTIFICATION DATED 1ST OCTOBER, 2016 : Vide this notification, Ministry of Corporate Affairs introduced a new form namely INC-32 under SPICe Scheme vide notification dated 1st October, 2016, through insertion of following Rule by notifying Companies (Incorporation) Fourth Amendment Rules, 2016 :

Rule 38 has now been inserted in Companies Incorporation Rules, 2014 and following new e- forms has been introduced:

- **INC-32** (Form for Incorporation)
- **INC-33** (E- Memorandum of Association)
- **INC-34** (E- Articles of Association)

E-form SPICe deals with a single application for reservation of name for incorporating a new Company, allotment of DIN and also for application for PAN and TAN, which not only saves money for e-form INC – 1(Name Reservation) and e-form DIR – 3 (Din Application) but also provides an integrated platform wherein all the details are synchronized for faster processing. However, in case of companies with more than 7 subscribers, producer companies, and unregistered companies SPICe will be of no use and old forms INC – 7 along with other linked forms will come in picture. Even in case of Section – 8 companies, pdf attachments of MoA and AoA will go instead of INC – 33 and INC – 34. If the proposed Directors also wants to apply for DIN (Director Identification Number) using SPiCe then maximum number of such DIN applicants through this form is restricted to "three", which means that in case of more than three DIN applicants, proposed directors above three will have to apply for DIN using e-form **DIR – 3.**

An added advantage in this form of company incorporation is that the reservation of name can be done even through **INC – 1** and the SRN number of approved form will be quoted in **INC – 32,** which will be of help to those who have a fear in mind of getting their form rejected in case their name appears to be somewhat similar to an existing name or trademark related issues, which was missing in previous integrated form INC – 29.

Necessary attachments along with SPiCe are detailed below:

1. Affidavit and declaration by first subscribers and directors.
2. Proof of Office address (Conveyance/ Lease deed/Rent Agreement etc. along with rent receipts)
3. Copy of the utility bills (not older than two months)
4. DIR-2(Consent from Directors)
5. Proof of identity and residential address of the subscribers not having DIN.
6. Other Optional Attachments.

Important Points for Form 49A and 49B upload :

- Applicant will be provided with an option to sign and submit forms 49A and 49B on MCA portal only upon successful upload of Form SPICe .
- A system generated forms 49A and 49B would be displayed with filled in details, after quoting SRN of form INC – 32 for signing.
- AO codes for PAN and TAN will vary based on requirements.
- The Proposed Director who have already signed form INC – 32 can only digitally sign the **Form49A and 49B** and submit within 2 days of filing Form SPICe (INC-32).

E-Form: INC-33:

While filling eMoA one has to select the table applicable on Company [A,B,C,D,E], based on type of company to be formed from the relevant information given in drop – down box.

The character limit for Main Object of the proposed company in point 3(a), is 20,000 and for the furtherance of the main object the character limit is 1,00,000.

The details of the subscribers as well as the witness shall be given in full along with all the particulars mentioned. The subscribers and the witness will now have to sign the form digitally by using their DSC unlike the old method.

E-Form: INC-34:

Applicant has to select from the drop down box in the form, the table applicable to company as notified under Schedule I of the Companies Act, 2013.

eArticle can be altered by manually crossing the second column of the table and entering the additional details wherever it has to be inserted. The details of the subscribers as well as the witness shall be given in full along with all the particulars mentioned, while affixing their DSC in the form.

RE-SUBMISSION OF SPICe FORM:

If there is a re-submission of the SPICE form, then it is mandatory to upload Form 49A and 49B once again along with the re-submitted SPICe form, unless otherwise asked for. Since Form 49A(PAN) and Form 49B (TAN) is a system generated form so the data pre-filled in it will depend upon the information given in SPiCe, hence in case of resubmission of SPiCe both these forms have to be again generated and uploaded after digitally signing the same in the same manner like earlier attempt.

Only two re-submissions are allowed using SPICe Forms, but if the name reservation is not done through SPICe but through INC – 1, then number of re-submission will be reduced to one, which means that one has to be very attentive while filling in details henceforth.

MANDATORY FILING OF FORM 49A and 49B:

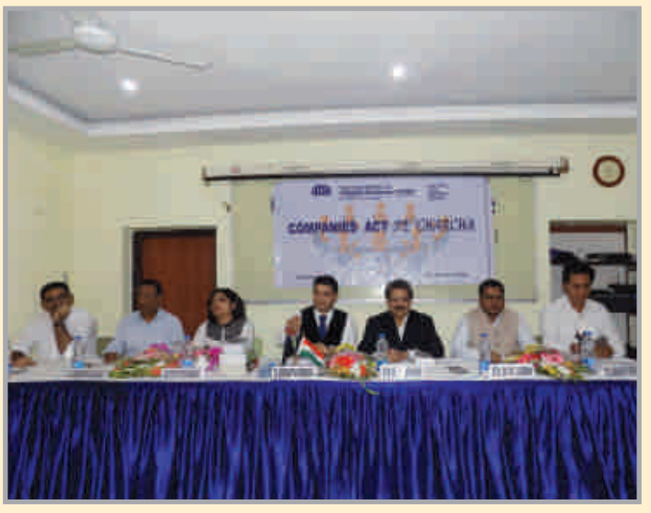
The Certificate of Incorporation shall be generated only after the approval from MCA and also allotment of PAN and TAN by the Income tax Department. Till the integration with the CBDT system alleviate, there may be delay in issuance of Certificate of Incorporation, but one can check the status of company either by tracking SRN or by searching Company's name in Master Data under MCA Services tab.

All new Companies incorporated using SPICE E-Forms are receiving their PAN in the Certificate Of Incorporation itself and TAN separately by e-mail.

A consolidated Challan gets generated at the time of filing of SPICE forms which shall separately contain fees payable for PAN and TAN along with Incorporation fee and Govt Duties.

To sum up, one can say that this is one of considerable step taken by MCA to reduce the time taken for incorporation and also in reducing paper-work on the other side. Once the entire process gets in full swing, it will enable speedy allotment of PAN and TAN to new companies and also providing a single window for incorporation as well as for tax identification.

"Companies Act Pe Charcha" on Saturday, 25.02. 2017



On the dais (L to R) CA Mohit Bhuteria, Practising Chartered Accountant; CS Ghanshyam Saraf, Vice President (Finance) and Secretary, Emami Paper Mills Ltd; CS Stuti Pithisaria, Manager, Magma Fincorp. Limited; CS Siddhartha Murarka, Chairman, EIRC; CS K Sekhar, Past Chairman, EIRC-ICSI;CS A K Labh, Practising Company Secretary and CS Ashok Purohit, Vice Chairman, EIRC

SYNOPSIS ON INTERNAL AUDIT

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Internal audit helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Company have tremendous chances to grow more, if its internal control system has been effectively managed. The government is also giving more value to this audit, by incorporating the same in the **Companies Act, 2013**, which became effective **from 01st April, 2014**.

This Article is an attempt to provide the basic details about the internal audit with regard to nature & scope of audit, necessity of audit, focus on internal control, process involved .i.e., important areas need to be checked or verified while conducting internal audit.

In terms of accounting**,** internal audit is used to deter and investigate fraud, safeguard assets, and make certain that financial reporting is timely and accurate. Internal auditing also ensures that a company's accounting policies and procedures are in compliance with all laws and regulations applicable to that company, in which it operates.

The scope of internal audit within an organization is broad and its objective is to provide assurance and consulting activity designed to add value and improve an organization's operations. Internal auditing is a catalyst for improving an organization's governance, risk management and management controls by providing insight and recommendations based on analyses and assessments of data and business processes.

Need of Internal Audit:

Internal audit **reduces the exposure to unpleasant surprises**

and the expertise and knowledge of internal auditors can help in the following areas to **uplift** the business of the Company :

- Assess the effectiveness of the design and execution of the system of internal control and risk management.
- Assist management in the effective discharge of their duties.
- Evaluate compliance with laws and regulations.
- Evaluate the reliability and integrity of financial and operational information.

Help in safeguarding company assets and utilization of its resources.

The growth of every organisation depends on how effective it's internal control system. Internal control involves everything that controls risks to an organization. It is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in **detecting and preventing fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks**).

It is a process, **effected by an entity's board of directors, management, and other personnel**, designed to provide reasonable assurance regarding the achievement of its core objectives.

Control is most effective when only **one person is responsible** for a given task. The Management can take the following steps to make the internal control system stronger with **proper separation of duties in different areas**.

The most important steps the management can take to protect cash is to separate cash handling duties among different people by adopting the following steps-

- ★ Best practice is to have different people for:
  - Receive and deposit cash
  - Record cash payments to receivable records

- Reconcile cash receipts to deposits and the general ledger
- Bill for goods and services
- Follow up on collection of returned checks
- Distribute payroll or other checks

Note: The key to effective cash control while separating duties is to minimize the number of people who actually handle cash before it's deposited.

★ Potential consequences if duties are not separated:

- Concealed errors or irregularities going unchecked
- Lost or stolen cash receipts
- Inaccurate application of cash receipts to department accounts

AREAS TO BE VERIFIED BY THE INTERNAL AUDITOR:

The Following are the important areas to be checked or verified while conducting Internal Audit-

- Auditor shall verify the compliances which are applicable to particular company or Sector and check whether it is followed by the company or not. **For Example**- for a NBFC registered company, the compliances of RBI Regulations required to be done. A Company operating in Telecom Sector, shall abide by TRAI Regulations and for a insurance company compliance of IRDA Regulations required to be done.
- Verification of compliances such as income tax, services tax, VAT/CST, Excise Duty, Entertainment Tax, PF, ESI, ROC, SEBI, Stock Exchange etc., whichever applicable to the Company.
- Checking of cash Receipts and payment through the voucher. Physical verification of cash with its register including checking of all types of registers, required to be maintained by the Company and whether the entries has been recorded timely.
- Verification of bill of expenses, such as general expenses, travelling expenses, software expenses etc., whether the prepaid expense booked as per bill or not, if any, .i.e., expenses shall be booked on accrued basis including checking of prior period expenses.
- The Auditor shall verify the creditors & debtors of company and may obtain external confirmation from creditors & debtors including checking of extra-ordinary items in the Financial Statement. **For example**; if any undertaking or main asset sold by the company than what would be its effects on the going concern of the company.

The objective is ultimately a **win-win** for both the **business and audit**. Business ends up with a lower incidence of fraud, errors and other risks that negatively affect performance, while audit works more efficiently and focuses efforts on providing tangible value.

Companies Act, 2013:

Section 138(1): Such class or classes of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.

Section 138(2):

The Central Government may, by rules, prescribe the manner and the intervals in which the internal audit shall be conducted and reported to the Board.

Rule 13 (1) of the Companies (Accounts) Rules, 2014-

The following class of companies shall be required to appoint an internal auditor, which may be either an individual or a partnership firm or a body corporate namely:-

a) every **listed company**;

b) every unlisted public company having-

i. paid up share capital of fifty crore rupees or more during the preceding financial year; or

ii. turnover of two hundred crore rupees or more during the preceding financial year; or

iii. outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year; or

iv. outstanding deposits of twenty five crore rupees or more at any point of time during the preceding financial year; **and**

c) every private company having-

i. turnover of two hundred crore rupees or more during the preceding financial year; or

ii. outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year.

Provided that an existing company covered under any of the above criteria shall comply with the requirements of section 138 and this rule within six months of commencement of such section.

Explanation.- For the purposes of above rule –

i. the internal auditor may or may not be an employee of the company;

ii. the term "Chartered Accountant" or "Cost Accountant" shall mean a "Chartered Accountant" or a "Cost Accountant", as the case may be, whether engaged in practice or not **(Explanation, for item (ii) substituted via amendment notification dated 27th July, 2016)**.

Amendment Notification:

1. In rule 13 of the principal rules, in sub-rule (1), in the opening portion, the words "or a firm of internal auditors", the words "which may be either an individual or a partnership firm or a body corporate" shall be **substituted via amendment notification dated 27th July, 2016.**
2. In case of Specified IFSC Public Company - Section 138 shall apply if the articles of the company provides for the same. - **Notification Dated 4th January 2017**.
3. In case of Specified IFSC Private Company - Section 138 shall apply if the articles of the company provides for the same. - **Notification Dated 4th January 2017**.

Important Note:

- E-form MGT-14 is required to be filed for appointment of internal auditor to the Registrar of Companies for public/ listed companies.
- Internal Audit report is required to be obtained by the company from its internal auditor either quarterly/half yearly or yearly basis depends on Company policy & management.
- The Board of Directors in its meeting shall appoint the internal auditor (wherever required) and also disclosed the same to stock exchange, where the company shares are listed.
- No mandatory requirement to attach internal audit report with the Annual Report of the Company.
- The internal auditor shall follow the standards on internal audit provided by ICAI along with the guidelines prescribed by ICAI as per industry or sector wise, while conducting audit.

Disclaimer: Due diligence has been done to ensure accuracy and correctness of this article. The Author is not responsible for any harm, penalty that may be caused on the basis of the above article.

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UNSETTLING THE 'SETTLED PRINCIPLE' – DISPENSATION OF SHAREHOLDERS' MEETING UNDER COMPROMISES, ARRANGEMENTS & AMALGAMATIONS

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After immediate dissolution of the Company Law Board, the NCLT was constituted w.e.f. June 1, 2016. During June 1, 2016 to December 14, 2016, the provisions relating to Companies Act, 1956 relating to Compromises & Arrangements were effective, thereby requiring the approval of High Court. The provisions relating to Compromises, Arrangements & Amalgamations under the Companies Act, 2013 were notified with effect from December 15, 2016. Therefore, with effect from December 15, 2016, the companies were required to file the applications and petitions under Compromises, Arrangements & Amalgamations with the NCLT. Therefore, with effect from December 15, 2016, there was complete transfer of powers and practical implementation of the Compromises, Arrangements & Amalgamations under Companies Act, 2013.

Inspite of the notified provisions of Companies Act, 2013, the settled principles under the Companies Act, 1956 still holds good. This article is an analysis of the recent orders of NCLT under Companies Act, 2013 vis-à-vis the principle settled by the High Court under Companies Act, 1956.

Provisions under the Companies Act, 1956 – Power to Compromise or make Arrangements with creditors & members:

Section 391 of Companies Act, 1956 relates to 'Power to compromise or make arrangements with creditors and members'. Pursuant to the said provisions, where a compromise or arrangement is proposed:

(a) Between a company and its creditors or any class of them; or

(b) Between a company and its members or any class of them;

The High Court may, on the application of the company or of any creditor or member (or liquidator if the company is being wound up) order a meeting of the creditors or class of creditors, or of the members or class of members. Such meeting shall be called, held and conducted in manner as directed by the High Court. Therefore, the High Court may order a meeting of the creditors or class of creditors, or of the members or class of members of the company (emphasis supplied).

Provisions under the Companies Act, 2013 – Power to Compromise or make Arrangements with creditors and members:

Section 230 of Companies Act, 2013 relates to '**Power to compromise or make arrangements with creditors and members'. Pursuant to the said** where a compromise or arrangement is proposed:

(a) Between a company and its creditors or any class of them; or

(b) Between a company and its members or any class of them,

The NCLT Tribunal may, on the application of the company or of any creditor or member of the company (or in the case of a company which is being wound up, of the liquidator, appointed under this Act or under the Insolvency and Bankruptcy Code, 2016, as the case may be) order a meeting of the creditors or class of creditors, or of the members or class of members, as the case may be. Such meeting shall be to be called, held and conducted in the manner as directed by the NCLT. Therefore, the NCLT may order a meeting of the creditors or class of creditors, or of the members or class of members of the company (emphasis supplied).

Decoding Section 230(1) of Companies Act, 2013 and Section 391(1) of Companies Act, 1956 w.r.t. Court convened meeting:

Under both the provisions, Section 230(1) of Companies Act, 2013 and Section 391(1) of Companies Act, 1956 the Court or NCLT may order a meeting of the creditors or class of creditors, or of the members or class of members of the company. Therefore, such power is discretionary. The provisions, in both the Acts, clarify that such meeting shall be called, held and conducted in manner as directed by the High Court.

The Delhi High Court stated that "Bare reading of the provision of sub-section (1) of section 391 of the Act reveals that the expression that has been used therein is 'may'. As a general principle of interpretation of statutes, the expression 'may', as used in sub-section (1) of section 391 of the Act, is permissive and operative to confer discretion. The intent of the Legislature is to empower the Court, with wide powers in order to approve the Scheme whilst ensuring that the rights of members and creditors of the company proposing the scheme are protected." The High observed that Section 391 of Companies Act, 1956 is a complete code in itself and acts as a 'single window clearance' system, i.e. Safeguards the rights of parties, members and creditors, or any class thereof, of companies and ensures that they are not put to any avoidable, unnecessary and cumbersome procedures in order to effectively implement such a scheme of compromise or arrangement proposed by the companies. The Delhi High Court stated that it vests wide amplitude of powers in the Court to approve a scheme which is for the benefit of the companies and the members and creditors thereof.

While adjudicating an application pertaining to a compromise or arrangement proposed, between a company and its members; or between a company and its creditors, the Court has been vested with the power under the provision of sub-section (1) of section 391 of Companies Act, 1956 to direct that meetings of members, creditors, or a class thereof, as the case may be, be called, held and conducted. The Court may, prima facie, dismiss the application under the provision of sub-section (1) of section 391 of Companies Act, 1956 on various grounds, including the scheme being opposed to public policy and public interest, prejudicial to any member and/or creditor or a class thereof, unconscionable. Such judicial discretion conferred on the Court under the provision of sub-section (1) of section 391 of Companies Act, 1956 may also be exercised in a manner so as to dispense with the requirement of convening meetings of members and/or creditors or a class thereof, in certain circumstances.

The Delhi High Court stated that the discretion conferred upon the Court under the provision of Section 391(1) of Companies Act, 1956 (and Section 230(1) of the Companies Act, 2013) can be summarized as follows:

(i) Upon taking a prima facie view, the Court may dismiss the application, proposing a scheme of compromise or arrangement between a company and its creditors or any class thereof; or between a company and its members or any class thereof, on various grounds; OR

(ii) Direct convening of meetings of the members and/or creditors or any class thereof, of the company, to whom a scheme of compromise or arrangement is proposed, in order to enable such members and creditors to consider and if thought fit, approve, with or without modification, such s scheme; OR

(iii) Dispense with the requirement of convening meetings of members and creditors or any class thereof, of the company proposing a scheme of compromise or arrangement.

The Division Bench of the Delhi HC, in context of the approval of shareholders not obtained in the meeting fixed by the Court but was approved otherwise, has propounded certain exceptions pertaining to the normal rule of convening meetings under Section 391 of Companies Act, 1956. Following part relates to the relevant part of the judgment:

(i) The meeting contemplated in Section 391 of Companies Act, 1956 is analogous to an extraordinary general meeting of the members of the company inasmuch as a three-fourths majority is required to pass the required resolution. The normal rule is that the consent of the shareholders whether it is unanimous or by a three-fourths majority must be obtained in a meeting summoned on the orders of the Court under section 391 of Companies Act, 1956. This is in accordance with the general principle that the members must act in a general meeting. Inroads have however, been made on this formal doctrine.

(ii) Firstly, the consent of all the shareholders given even outside a meeting is sufficient to comply with the requirement of a meeting.

(iii) The second inroad on the requirement of a formal meeting is that the consent of the shareholders may be ascertained without calling any meeting at all.

(iv) Further, the doctrine of lifting the veil of incorporation and looking at the reality of the action of the members of the company enables us to hold that the consent of the overwhelming majority of the shareholders outside a meeting is sufficient to show that the resolution was supported virtually by all the members of the company. Professor L. C. B. Gower calls this as "informal ratification by the members of the acts done on behalf of the company."

(v) A third exception to the rule that all the shareholders of a company must cast their votes in a formally called meeting is made by the doctrine of acquiescence. If all the shareholders acquiesce in a certain arrangement, the question of a meeting having been called does not arise at all.

(vi) On the other hand, if the transaction was bona fide, legal, intra virus and for the benefit of the company as a whole and not oppressive on the minority, then the Courts were inclined to hold the transaction as valid on the ground of ratification, acquiescence or substantial consent of the members to do substantial justice in the case particularly if technicality was being used to perpetrate fraud.

(vii) Therefore, the calling of a general meeting can be dispensed with if a written resolution is passed by all the members or if the consent of all the members is given otherwise or if all the members have acquiesced in the matter by conduct even without a formal consent or a meeting. It cannot be said, therefore, that the calling of a meeting is the only manner in which Section 391 of Companies Act, 1956 could be complied with.

Analyzing 'As the case may be' u/s 230(1) of Companies Act, 2013 and Section 391(1) of Companies Act, 1956:

The Delhi High Court stated that Section 391(1) of Companies Act, 1956, enables the Court, on the application of a company or a creditor or a member of the company, to order a meeting of the creditors/or the members 'as the case may be' to be held and conducted in such a manner as the Court directs. It further stated that Under Section 391(2) of Companies Act, 1956, if a majority representing 3/4th in value of the creditors/members agree, in the meeting, for the compromise or arrangement, the scheme, on its sanction by the Court, would be binding on all the creditors/members 'as the case may be' and also on the company. The Court observed that the expression 'as the case may be' finds place both in Sub-sections (1) and (2) of Section 391 of Companies Act, 1956 (similar to the provisions of Section 230(1) of Companies Act, 2013).

The High Court observed that the safeguard in provision of Companies Act, 1956 (and in Companies Act, 2013), of 3/4th the members or creditors in value voting in the meeting to approve the scheme, is that the wishes of a majority of the class should prevail. The dissenting minority of 1/4th or less of the class should not be permitted to derail the scheme of arrangement unless, the Court finds that the objection of the minority is justified. If no meeting of the creditors is required to be held, in a scheme of arrangement between the Company and its members, then, in the absence of ascertaining whether 3/4th in value of the creditors approve the scheme or not, would the Court be justified in statutorily imposing such a scheme of arrangement on the creditors, even though their consent has not been obtained or their wishes ascertained? If it were held that not holding the meeting, and ascertaining the wishes of the creditors, would result in the scheme of arrangement not to bind them, would the very purpose of sanctioning the scheme by the Court not be defeated and approval of the scheme not be an exercise in futility? If, on the other hand, the view, that a meeting of the creditors/members must necessarily be held in all cases irrespective of whether the scheme of arrangement is between the Company and its members or the creditors, is accepted would that not render the words 'as the case may be' in Section 391(1) mere surplusage?

Based on the analysis of various judgments, the Delhi High Court concluded that:

(i) The Court may dispense with the requirement of convening meetings of members and/or creditors or a class thereof, in view of the circumstance that a scheme is not being proposed to members and/or creditors or a class thereof,

(ii) The Court may dispense with the requirement of convening meetings of the members and/or creditors of the holding company in the event a wholly owned subsidiary is being amalgamated into its holding company and no variation of rights is being caused to such members and/or creditors of the holding company.

(iii) The Court may dispense with the requirement of convening meetings of creditors or a class thereof, of the wholly owned subsidiary, in the event a wholly owned subsidiary is being amalgamated into its holding company and the rights of creditors of wholly owned subsidiary remain unaffected therein.

(iv) The Court may exercise its discretion to dispense with the requirement of convening meetings of members and/or creditors, or a class thereof, in view of the consent obtained from majority in number and 3/4th in value of such members and/or creditors, or a class thereof, as the case may be, in writing to the proposed scheme.

Reference to the recent NCLT orders:

NCLT not empowered to dispense shareholders' meeting, but empowered to dispense only meeting of creditors: NCLT (Principal Bench) directed the meeting of the equity shareholders of JVA Trading Pvt. Ltd. (Transferor Company) and C & S Electric Ltd. (Transferee Company). NCLT perused the provisions of Companies Act, 2013 and stated that "In relation to the dispensation of the meeting of the equity shareholders of the Transferor Company is concerned we are not inclined to grant dispensation taking into consideration the provisions of Companies Act, 2013 and the rules framed there under both of which expressly do not clothe this Tribunal with the power of dispensation in relation to the meeting of shareholders/members". NCLT noted the provisions of Section 230(9) of Companies Act, 2013. NCLT stated that such provisions relates to the dispensation from calling of a meeting of creditor or class of creditors where such creditors or class of creditors, having at least 90% value, agree and confirm, by way of affidavit, to the scheme of compromise or arrangement. NCLT observed that such provisions is not relating to the dispensation of the meeting of members.

NCTL perused the provisions Rule 5 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. NCLT observed that such provision relates to class or classes of creditors or of members meeting or meetings to be held for considering the proposed compromise or arrangement or dispensing with the meeting or meetings for any class or classes of creditors in terms of sub-section (9) of section 230 of Companies Act, 2013 (and not relating to members or class of members).

NCLT directed convening of shareholders meeting for approving amalgamation despite receipt of consent letters, termed the Scheme as 'complex': NCLT (Ahmedabad Bench) dismissed the plea of Aditya Birla Financial Services Ltd. ('Applicant Company') for dispensing with the meeting of equity and preference shareholders for approving the proposed scheme of arrangement. The proposed arrangement was between Aditya Birla Financial Services Ltd., Aditya Birla Nuvo Ltd. and Grasim Industries Ltd. The arrangement related to the amalgamation of Aditya Birla Nuvo Ltd. with Grasim Industries Ltd. and upon amalgamation becoming effective, demerger of the financial services business of Grasim Industries Ltd. and its transfer to Aditya Birla Financial Services Ltd. Aditya Birla Nuvo Ltd. along with its wholly owned subsidiary, ABNL Investments Ltd. held 100% share capital in Aditya Birla Financial Services Ltd., hence, consent letter were provided by these two shareholders approving the scheme. NCLT noted that the Scheme was approved by board of directors of all the three companies and CCI. NCLT held that "....in view of the complexities involved in the proposed scheme, it is just and expedient to have a meeting of the equity shareholders and preferential shareholders in spite of consent letters given by all the equity shareholders and preference shareholders". NCLT directed Aditya Birla Financial Services Ltd. to convene meeting of equity and preference shareholders.

NCLT dispenses shareholders and creditors meeting, relies on consent letters: In the Scheme of Amalgamation for merger of Coffee Day Overseas Pvt. Ltd. with Coffee Day Enterprises Ltd., the NCLT (Bengaluru Bench) relied on the consent letters of shareholders and creditors and dispensed their respective meetings. Based on the consents letters, the Transferor Company sought an order to dispense with convening of meeting of equity shareholders and unsecured creditors on the ground that there are only 2 shareholders and 2 unsecured creditors. NCLT also stated that in its order that in any eventuality, when Transferor Company approaches NCLT for seeking approval of the Scheme, it would be open for shareholders and creditors to put forth their contention before NCLT.

Conclusion:

The primary objective of the provisions of Companies Act, 2013 and Companies Act, 1956 is to obtain the consent of the members or class of members or creditors or the class of creditors. Under the Companies Act, 1956, the High Court referred and relied on consent letters of members and creditors and ordered for the dispensation from the requirement of holding and conducting the Court convened meeting. However, under the Companies Act, 2013, the NCLT is taking a view that it has no power to grant such dispensation from holding and conducting the Court convened meeting. In my view such opinion is not backed-up by a settled principle or any precedent by the Court. It also not supported by any specific clear and unambiguous provisions of the Companies Act, 2013. However, in my opinion, the order of NCLT (Bengaluru Bench) seems to be more appropriate. Taking into consideration the above discussion, in my view, NCLT has power to dispense the meeting of the members and creditors. Such dispensation would not only be cost – efficient and time – bound process but also in compliance with the necessary provisions of Companies Act, 2013.

REFORMATION OF THE LABOUR LAW, ROLE OF CS IN LABOUR LAW

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Reformation of Labour Law (one more step towards ease of doing business):

Formation of GST was one of the reform steps taken by the Government of India ("GOI") towards new generation and new challenges in today's corporate world. GOI achieved biggest victory in getting GST bill passed in Lok Sabha in 2016. Thereafter lot of states ratified the said bill with their valuable comments and feedback. It was rightly said by our honourable Prime Minister Shri Narendra Modi, "It's true that someone gives 'birth' while someone else 'nurtures' it. It is not a victory of a particular political party."

Well, it seems Government are gearing up to reform all the Laws and regulations which our ancestor left for us as treasury. After Independence in 1947, it is first time where Govt. of India geared up to reform either the entire law or to modify them according to the corporate functioning in 21st Century. After GST, further steps were taken to amend Labour Laws; two legislations will be subject of discussion, 'Wage Code Bill and the Small Factory Bill'.

Introduction:

Going back to 1950's and 1960's, laws like Factories Act, Payment of Wages Act, Minimum Wages Act, Payment of Gratuity Act was enacted keeping in view the standard of living and requirement of the corporate with the population which was just 3/10th of the current population, currency level were low, easy life with limited competition. Requirements are changing, working pattern are changing, currency rates are gearing up, corporate governance, investments from overseas, Indian markets are demanding, labour requirement are growing, employment opportunities at peak. With the statutes and regulations of 1950's and 1960's, it had become very difficult for the entrepreneur to comply with each regulation of the laws, making the compliance more kind of administrative activities and less of the compliance in true spirit of law. Challenges in doing ease of business can only be achieved by amending the rules and regulations with the change in time, since ancient laws were enacted with the requirement of their time.

Small Factories (Regulation of Employment & Condition of Services) Bill, 2014 ('Proposed Bill)':

Key features as proposed in the said Bill:

1) **Applicability of the Bill:** The definition of the Factories under the proposed bill will cover factories with manufacturing process and manpower of less than 40 workers (workers will include both direct workers and contractual workers) with or without use of power. So, it is clear indication that the factories between manpower of 20 to 40 workers can also register their factories under the proposed bill.
2) **Registration of Factories:** MCA portal was the first achievement for electronic data management, submission / filing of forms. Registration / Incorporation of the new establishment. Likewise, Proposed Bill will enable the new start up to apply for the registration of their manufacturing business(ess) online.
3) **No Separate Registration under various Laws:** Online Registration of the Small Factories will do away with the Registration of the Establishment under various other laws separately like Provident Fund and Miscellaneous Provisions Act, Employees' State Insurance Act, Profession Tax Act, etc.
4) **Allotment of License Identification Number ("LIN"):** Concerned authorities / Factory Inspector will alot LIN after the verification of the application along with all the documents and physical inspection of the premises. LIN will play useful role for the employee welfare, as concerned authorities will be able to track all the monetary benefits / welfare / basic rights provided by the employer to the employees.
5) **Payment of Wages through Net Banking:** Maharashtra Govt. has amended their rules for the compulsory transfer of the Salary / Wages / Bonus / other monitory benefits through Net Banking Channel, where employees have proof of the salary been credited in their bank account. Lot of time, it happens that the employer gives salary advance to the employee, and in return, deduct the excess amount of the salary advance. All such transaction is done in cash and never get recorded / documented in any of the statutory register(s). As per the Proposed Bill, it is proposed to make it mandatory to make the payment of salary / wages through Net Banking channel, so that employee can raise compliant in case of short payment of the wages.
6) **Facilities to be given to Women workers:** There are various provisions which provide benefits to the women workers working in the manufacturing unit(s). Factories Act, 1948, Maternity Benefit Act,

1961 & The Employment of Children Act, 1938 are proposed to club together in the Proposed Bill to provide benefits to the women. Factories act prohibits women workers to work in the night shift. Proposed bill will amend the basic provision and will allow even women workers to do night shift, but after certain provisions are fulfilled by the Employer, like providing Crèche facilities, transport facilities from home to factory and factory to home, safety, etc.

7) **Working Conditions in the factory:** Spittoons and washing facilities are almost outlined with the requirement of the Corporate. Still these requirement(s) are asked to be complied with by the Factory Inspector, if these facilities are not provided, they are penalised with heavy fines, Factory Inspector want the manufacturing units to comply even with the basic requirement of the laws and regulations even though they were inserted in the main act of 1948 with the requirement of 1940's and 1950's.

8) **Definition of Wages:** Definition of wages in Minimum Wages Act, Payment of Wages Act, Factories Act / Shops and Establishment Act has defined separately. Payment of Overtime wages is defined both in Minimum Wages Act and in Factories Act / Shops and Establishment Act, while all definition has the same meaning. So why do we need definition of same terms to be defined in various laws? Wages rates are proposed to increase, to increase the standard of living of the middle and lower middle class, this will also lead to education scope in the middle class and better job opportunities to them.

Various other clauses which can be incorporated by the Labour Ministry for the discussion and final execution:

1) **Overtime Wages:** There is no clarity for the payment of Overtime Wages. Act says that Overtime Wages needs to be paid at the double of Ordinary Wages. What is Ordinary Wages? It is not defined in any acts and rules. Various professional have their interpretation that Ordinary Wages are sum up of Basic Salary + Dearness Allowance, whereas others have been of view that, Ordinary wages are sum of entire component of the Salary. This definition can be incorporated to avoid litigation in terms of short payment of overtime wages based on the interpretation of the laws by various professional.

2) **Maintenance of Records in electronic format:** Maharashtra is first state give the relief to the business entrepreneur from maintaining all the records and registers in the physical format, permitting them to maintain all the statutory registers in electronic format without getting the approval from the Labour Commissioner. Any correction in the records, rectification of the data, leads to the maintenance of the entire register again, or lead to use of white ink in the Registers leading to the trail of doubts. Maintenance of the records in the approved electronic software, freeze of the data in the system on the periodical basis, can become very useful for the HR team.

3) **Fixation of Wage Rates:** Wage rates should be fixing at appropriate rates, keeping in mind, the nature of work, workers / employees perform at their work place. Contractual workers work for extra hours (Overtime) to earn the extra salary, because of the low salary range.

4) **Provident Fund:** PF should be mandate for the employees from the top level of management to the workers. PF are the basic saving; one can have with them till lifetime (even after retirement). PF deduction and deposit should be optional at the choice of individual. Further, procedure for transfer of Provident Fund from the previous employer to the current employer should be made without the intervention of the previous employer. This will speed up the procedure of the transfer of the PF amount.

5) **Online portal for Gratuity:** Payment of Gratuity Act is applicable to the organisation which is 5 years old and to the employee when there into employment with the same organisation for more than 5 years. However, the Company have the practice of the deducting the amount of Gratuity from the Salary of the employees from day one of their employment. Further, if employee is working for less than 5 years, eg. For 4 years, he is not entitled for the Gratuity. Hence, the entire motive of the Payment of Gratuity Act is challenged based on the tenure of the employment and the burden of the Gratuity contribution deducted from his / her salary during his tenure.

"Changes with time are the nature of law. As lot of us are aware that our Laws and Regulations were framed and formulated since 1950's, Government has taken good step in reforming the laws which were getting old with the time".

Steps taken by the Ministry of Labour and Employment on February 21, 2017:

Earlier regulation: There were many registers and records been prescribed under the Labour Law, and the details are provided in bits and pieces in this register(s). Each of this registers had their own limitation to provide the information of the employees and one had to correlate various registers to get the complete information of employee, like his attendance, balanced paid leaves, salary breakup, his grading in the organisation, etc.

Amendment in regulation: With notified rules framed,

"Ease of Compliance to Maintain Registers under various Labour Laws Rules, 2017", most of the registers are clubbed under 5 registers to be maintained under the said Rules. Details of the employees from his working hours, salary calculation, balanced leaves, statutory deduction and other relevant information are clubbed under the head of 5 registers, which will serve the purpose of maintaining the records under various laws. One more steps towards ease of doing business.

Role of Professional in Labour Laws:

Government of Haryana formulated the scheme of "Third Party Certification" (hereinafter referred as "TPC") vide its Notification dated August 10, 2016. This scheme is the compliance audit to be conducted by the Practising Company Secretary, who is member of the Institute of Company Secretary of India. The certification issued by the PCS under the TPC scheme is safeguard from the random inspection by the Labour Department. Inspection will be done only in case of the serious complaint / allegation.

Labour Department, Government of Haryana vide its Notification No. 11/38/2016-4Lab dated August 10, 2016 gave the recognition to the "Institute of Company Secretaries of India", where the "Compliance Auditor" would be a qualified Practicing Company Secretary who is a member of the ICSI, ensuring and certifying the compliance of the labour laws. Recognition of Company Secretary in Practice by the Government of Haryana is one of the biggest achievement and one more step for the professionals to take it to the next level. Role of Company Secretary is getting wide recognition from various regulators from other Ministries as well.

Role of Company Secretary / Compliance Officer are getting much more importance towards the Labour Laws. Company Secretary in employment and in practise can be advisor to the management with the best way to comply with the provisions of the laws and the compliance to be done in true letter. Matter of Trade union, wages settlement and correct payment of the wages are very sensitive matters which can be handled with the ease and experience by the CS in practice / employment. With the vast experience of the corporate affairs from the eagle view of the top management, implementing the new ideas and connecting the manufacturing units with the corporate affairs at one umbrella will boost the spirit of the organisation as whole.

Full Day Seminar on Evolving Opportunities for Company Secretaries on 18.2.2017

CS Siddhartha Murarka, Chairman ICSI-EIRC addressing, Others on the dais (L to R) CS Gautam Dugar, Secretary, ICSI-EIRC, CS P L Mehta,Vice Chairman & Managing Director, Neotia Health Care Initiative Limited,CS Ashok Purohit, Vice Chairman, ICSI-EIRC; Speakers for the programme were CS Rajesh Poddar, Past Chairman, ICSI-EIRC, Deputy Company Secretary, ITC Limited, Advocate S M Surana, Renowned Tax Practitioner, CS Deepak Kumar Khaitan, Past Chairman ICSI-EIRC,Practising Company Secretary, CS Anjan Kumar Roy , Past Chairman ICSI-EIRC,Practising Company Secretary

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