

ICSI-EIRC NEWSLETTER



THE INSTITUTE OF Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE
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CS Sandip Kejriwal, Chairman, EIRC presenting bouquet to Shri Nishikant Dubey, Hon'ble Member of Parliament and Member of Parliamentary Standing Committee on Finance



CS Sandip Kejriwal, Chairman, EIRC along with EIRC delegation felicitating H.E. Shri Keshri Nath Tripathiji, Hon'ble Governor, West Bengal



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My Dear Esteemed Friends Greetings from EIRC of ICSI!

Hope that you all are finding the times at our region quite eventful. Be it students' or members' events, we are trying our best to implement new ideas that help in collective growth.

We as a council are but an extension of you all. We would like to request you to come forward with your ideas, inputs, suggestions and be part of the process of events and development of EIRC.

We have started the Concept of EIRC Pariwar and started to organize programmes with all the chapters. First programme organized at Deoghar where Four Chapters participated. Local Media has also highlighted the programme. MP of that region was present as Chief Guest.

We are also planning one more programme at Puri on 7th August, Next to above.

Viewing the problems of placement for Member and Students both, we have created new mail id and preparing data bank in addition to campus placement organized by us.

ICSI are also taking up the matter of recognition for company secretaries under various Ministries in a big way. In the meantime, we would like to request you also in being part of this team to contact us and give their suggestions and valuable time for meetings with concerned persons.

We would like our tenure to be "your tenure". We want complete involvement of you all for all our initiatives and also your ideas for more initiatives at the regional level.

This term is also marked by strong coordination and opinion sharing with the headquarters, with the President of our Institute being from our region.

Friends, students are the main focus area for us as



they will represent us in the future and they show our growth as a profession. Unfortunately, there has been a somewhat downward spiral in admissions to our course. In this regard we encourage you to come up with suggestions and options to increase the same, which can then be taken up in tandem with the ICSI headquarters.

We have organized some students programme and more in future in addition to Students Conference to be held in August.

We have to ensure that our profession reaches newer heights, which is possible only with complete involvement of every stakeholder of the institute in its activities.

The price of success is hard work, dedication to the job at hand, and the determination that whether we win or lose, we have applied the best of ourselves to the task at hand. Action is the foundation key to all success.

Professionally Yours

CS Sandip Kumar Kejriwal
Chairman, EIRC-ICSI



CASE STUDIES

Rajesh Poddar

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A bouquet of cases which may be relevant to our professional CS fraternity:

1. **CA professional providing accommodation entries, defrauding revenue, deserves to be debarred from practice for lifetime. [Institute of Chartered Accountants of India vs. Vivek Kapoor and others]**

In the instant case, the respondent had, inter alia, provided accommodating entries in the form of export profits, loans, creating turnover and share application money. The punishment proposed by the Institute of Chartered Accountants of India in these circumstances was removal of the name of respondent from the register of members of the Institute for a period of ten years.

However, the High Court of Punjab & Haryana opined that the conduct of the respondent is wholly unworthy of a Chartered Accountant who is expected to maintain high standard of professional conduct and therefore directed that name of the respondent be removed from the register of members of the Institute for lifetime.

2. **Facebook Account Friends considered as 'Insider' if found guilty. [SEBI Order dated 4th February, 2016 in the matter of trading in the shares of Palred Technologies Limited]**

SEBI conducted an investigation into the scrip of Palred Technologies Limited (PTL) for the period from September, 2012 to November, 2013 discovering the PTL's Chairman and Managing Director Mr. Palem Srikanth Reddy, alongwith others had traded in the scrip of PTL while in possession of 'price sensitive information' violating the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 (SEBI PIT Regulations).

SEBI discovered that amongst others, the Mr. Reddy had communicated / counselled, directly/ indirectly the price sensitive information to one Mr. Ameen Khwaja, a common director with him in another company. Mr. A Khawaja had not traded in the scrip of PTL directly but had traded through his immediate family members and Mr. Pirani Ameen Abdul Aziz, a mutual friend on Facebook.

Based on the facts, SEBI considered Mr. P Aziz, facebook friend of Mr. A Khawaja as an 'insider' in terms of SEBI PIT Regulations and imposed penalty on him alongwith others.

3. **Tips paid to employees are not computed as salary of employees. [ITC Limited, Gurgaon vs. Commissioner of I.T. (TDS) Delhi]**

The Supreme Court has held that that when tips are received by employees directly in cash, the employer has no role to play and therefore employer is outside the purview of Section 192 of the Income Tax Act relating to TDS. Tips being purely voluntary amounts that may or may not be paid by customers for services rendered to them would not fall under the head 'Salaries'.

The Court further held that even if a tip is paid by way of a credit card by a customer, and such tip though goes into the account of the employer, and later on distributed to the employee, the same will not amount to 'salary' under the Act.

4. **Where Articles of Association of company provided that on ceasing to be an employee of company its shares had to be surrendered, there was no oppression and mismanagement by Company in directing the employee to surrender shares allotted to him on his superannuation. [Ram Saroop v. Hindustan Thompson Associates (P.) Ltd.]**

It is well settled that Articles of Association (AoA) of a Company constitutes a contract between the company and its members in respect of their rights. Section 36 of the erstwhile Companies Act, 1956 (corresponding Section 10 of Companies Act, 2013) unambiguously provided that AoA bind the company and members to the same extent as if they respectively had been signed by the company and by each member.

In the instant case, Ram Saroop, a retired employee, alleged that on his superannuation he was compelled to surrender his shares allotted to him during his employment which according to him tantamount to oppression and mismanagement. Held that, since AoA of the company provided that on ceasing to be an employee of company its shares had to be surrendered, the petitioner could not avoid obligation incurred by AoA to which he himself was a party.

5. **The fact that no investor loss was caused on account of failure to comply with the SEBI direction on SCORES cannot be a ground to escape penalty. [Delight Handicrafts Palace Ltd. v. SEBI]**

Section 15C of SEBI Act, 1992 provides penalty for failure to redress investors grievances. Appellant company being a listed company was bound and liable to comply with the direction given by SEBI to obtain SEBI Complaints Redress System (SCORES) authentication within the time stipulated therein and redress the investor grievances.

In spite of SEBI circular and letter addressed by SEBI in this behalf, the appellant company failed to obtain the SCORE authentication and redress the investor grievances within the stipulated time. The appellant company complied with the same only when show cause notice was issued for initiating adjudication proceedings and imposing penalty. Various reason given by the appellant for not complying with the directions of SEBI within the stipulated time and the fact that investor grievances have been redressed after the issuance of the show cause notice, do not obliterate the violations of SEBI Act committed prior to issuance of show cause notice.

Held that, the fact that no investor loss was caused on account of

failure to comply with the SEBI directions cannot be a ground to escape penalty for disobeying the directions of SEBI.

6. Doctrine of lifting the corporate veil can be invoked if the public interest so requires or if there is allegation of violation of law by using the device. [State of Rajasthan and Others v. Gotan Lime Stone KhanjiUdyog (P.) Ltd. and Another]

In the instant case, partnership firm holding a mining lease sought transfer merely by disclosing that the partnership firm was to be transformed into a private limited company with the same partners continuing as directors and there was no direct or indirect consideration involved. It was specifically declared that no pecuniary advantage was being taken in the process.

However, the newly formed private company instead of operating the mining lease itself sold its entire shareholding to another company; the original lessee did not disclose that the real purpose was not merely

to change its partnership business into a private limited company as claimed but to privately transfer the lease by sale to a third party.

The private company was formed merely as a device to avoid the legal requirement for transfer of mining lease and to facilitate private benefit to the parties to the transaction, to the detriment of the public.

Held that, the doctrine of lifting the corporate veil can be invoked not only to unravel tax evasion but also where protection of public interest is involved and corporate entity is an attempt to evade legal obligations.

The views if any expressed hereinabove are not necessarily the views of the organization. The contributor would like to thank CS Erina Chakraborty for her assistance in the research work. Facts and judgment has been summarized for sake of brevity – Reading the full case is suggested to gain clear understanding of the Orders cited herein in the context of facts of each case.



Meeting of EIRC delegation with Hon'ble Governor, W.B.



On Wednesday, 9th June, 2016 a delegation from EIRC met H.E. Shri Keshri Nath Tripathiji, Governor, West Bengal. CS Sandip Kumar Kejriwal, Chairman, EIRC; CS Santosh Kumar Agrawala, Council Member, ICSI and Shri Sudipto Pal, Regional Director, EIRO were the part of the delegation. The meeting was very cordial and Honorable Governor took keen interest in the activities of EIRC.

PROGRAMMES ORGANISED BY EIRC FROM 01.04.2016 to 31.05.2015

Date	Programme
01.04.2016 to 21.04.2016	107th MSOP Batch
02.04.2016	Debate on Compliance Management
06.04.2016	Blood Donation Camp
08.04.2016	Regional Round of Company Law Quiz
16.04.2016	Half Day Workshop on 'Amendments in The Companies (Auditor's Report) Order'
16.04.2016	International Corporate Governance Day Celebrations
16.04.2016	Campus Placement
18.04.2016	Success Mantra
23.04.2016	National Seminar on NCLT & NCLAT and Felicitation of President, ICSI
22.04.2016	Earth Day Celebrations
29.04.2016	Interactive Session with ROC (WB)
01.05.2016	Study Circle Meeting on the topic 'Directors' Report and Notice of AGM'
07.05.2016	Campus Placement
07.05.2016	Half Day Workshop on Contemporary Issues of Companies Act, 2013, Action Plan for taking first mover's advantage in NCLT & NCLAT , Compliance Management of Direct and Indirect Taxes
14.05.2016	Study Circle Meeting on the topic 'Voting at General Meeting'
20.05.2016	"Special Guidance Programme" organised for students
22.05.2016	Joint Programme of EIRC with its Chapters at Deoghar
28.05.2016	Full Day Seminar on "Insight on Annual Report – A Practical Approach"

13 Career Awareness Programmes were organised in the month of April and May

Quiz Answer : 1. B, 2. A, 3. D, 4. B, 5. C, 6. A, 7. D, 8. C, 9. D, 10. D,

Dedicated Email id for Placement

To bridge the demand-supply gap and to facilitate opportunities for our members and students more effectively we have started a new dedicated email id "**placement.eirc@gmail.com**" for the members, students, industry & Practicing fraternity which will help them find the right resource.

107th Management Skills Orientation Programme from 01.04.2016 to 21.04.2016



CS Sandip Kr Kejriwal, Chairman, EIRC of ICSI addressing; Others sitting on the dias (L to R) CS Siddhartha Murarka, Vice Chairman, ICSI-EIRC; Shri B Mohanty, Registrar of Companies (W.B.) CS S K Agrawala, Council Member, ICSI; CS Gautam Dugar, Secretary, ICSI-EIRC and Dr. Tapas Kumar Roy, Assistant Director, ICSI-EIRC.



Group photo of participants of 106th MSOP Batch

Debate on Compliance Management on 02.04.2016



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC addressing the programme



Debate on compliance management between delegates

Blood Donation Camp on 06.04.2016



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC donating blood.



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC with Members and Students (Volunteers) at the blood donation camp at EIRC House.

Regional Round of Company Law Quiz Competition on 08.04.2016



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; CS Dilip Shah, Dean, The Bhawanipore Educational Society College with all participants.

Campus Placement on 16.04.2016



Glimpse of Campus Placement at ICSI-House.

Half Day Workshop on “Amendments in The Companies (Auditor’s Report) Order” on 16.04.2016



(R to L): CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; CA Vikas Dhanania, Service Tax Consultant; CS Siddhartha Murarka, Vice-Chairman, ICSI-EIRC; CS Rupanjana Dey, Member, ICSI



CS Sumit Binani, Treasurer, EIRC of ICAI, addressing

International Corporate Governance Day on 16.04.2016



(L to R) CS Gautam Dugar, Secretary, ICSI-EIRC; CS Dilip Shah, Dean, The Bhawanipore Educational Society College; CS S K Agrawala, Council Member, ICSI; CS Amit Kumar Sen, Past Vice President, ICSI; CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; CS Siddhartha Murarka, Vice-Chairman, ICSI-EIRC and Dr. Tapas Kumar Roy, Assistant Director, ICSI-EIRC.



Members and Students at ICG Day Celebrations.

Success Mantra on 18.04.2016



(Extreme Right) CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC addressing; others sitting on dais (R to L) CS Gautam Dugar, Secretary, ICSI-EIRC; CS Dilip Shah, Dean, Bhawanipore Educational Society College and CS Amar Agrawala, renowned author

Earth Day celebration at ICSI-EIRC House on 22.04.2016



CS Sandip Kr Kejriwal, Chairman, EIRC of ICSI, CS Santosh K Agrawala, Council Member, Shri Sudipto Pal, Regional Director, ICSI EIRO and all EIRO officials participating.

Full Day Workshop on “National Seminar on NCLT & NCLAT” on 23.04.2016



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC addressing. Others sitting on the dais (R to L): CS Mamta Binani, President, ICSI; Shri N K Bhola, Regional Director, Ministry of Corporate Affairs; CS S K Agrawala, Council Member, ICSI; CS Gautam Dugar, Secretary, ICSI-EIRC.



(L to R) CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; CS Anjan Kumar Roy, Past Chairman, ICSI-EIRC; Justice (Retd.) B. L. Jain, Calcutta High Court; Shri Akhilesh Srivastava Advocate at the Moot Court Session.



DECODING THE PRIVATE PLACEMENT OF SECURITIES UNDER THE COMPANIES ACT, 2013

Hansraj Jaria

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(Sail & Tata Steel JV company)
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Section 42 of the Companies Act, 2013 (the Act) deals with the provisions of offer or invitation for subscription of securities on Private Placement. The section also defines the term private placement.

According to the section private placement means any offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) through issue of private placement offer letter and which satisfies the conditions specified in this section (i.e. Section 42). As per the provisions of Section 42(8) the company shall not release any public advertisements or utilize any media, marketing or distribution channel of agents to inform the public at large about such an offer, which means this entire exercise, should be executed in a private manner.

The section is applicable to both public and private companies as no specific exemption is provided to a private company. However, listed companies are also required to comply with the provisions of SEBI (ICDR) Regulations, 2009 and the unlisted companies including private companies are required to comply with the provisions of Section 62 of the Act, for the issue of securities in addition to the provisions of this section. Section 42 is applicable to the issue of all types of securities including equity shares, preference shares, bonds, debentures etc. One shall refer the definition of securities under Section 2(h) of the Securities Contract (Regulations) Act, 1956, where the term “securities” includes shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate; derivative; units or any other instrument issued by any collective investment scheme to the investors in such schemes; security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; units or any other such instrument issued to the investors under any mutual fund scheme; Government securities; such other instruments as may be declared by the Central Government to be securities; and rights or interest in securities.

Section 42 requires the preparation and circulation of Private Placement Offer Letter (PPOL) and the rules related to the section (Chapter III, The Companies (Prospectus and Allotment of Securities) Rules, 2014 [PAS], Rule – 14) also prescribes the informations to be provided in the PPOL (Form No. PAS-4). The PPOL requires lots of disclosures to be made; hence the company should keep the information readily available with it while coming out with a private placement offer. The offer of securities or invitation to subscribe securities shall not be made to the number of persons exceeding 200 (excluding QIB and employees being offered securities under ESOP) in a financial year. The restriction with regard to the number of persons shall be reckoned individually for each

kind of security i.e. equity, preference shares or debenture. The company must ensure that the offer or invitation per person shall be with an investment size of not less than twenty thousand rupees of face value of the securities.

However, pursuant to Rule 14(5) of PAS Rules, the provisions regarding the maximum number of persons to whom the offer or invitation is to be made in a financial year and the provisions regarding the minimum investment size of twenty thousand rupees as aforesaid is not applicable to–

- a. NBFC registered with RBI under RBI Act 1934; and
- b. Housing Finance Company registered with National Housing Bank (NHB) under National Housing Bank Act, 1987,

if they are complying with regulations made by RBI or NHB in respect of offer or invitation to be issued on private placement basis. However such companies shall comply with the above provisions in case RBI or NHB have not specified similar regulations.

The company must take an approval from the shareholders by way of special resolution (SR) before making an offer / invitation of securities through private placement. The explanatory statement to the notice of General Meeting (GM) shall contain a disclosure with regard to the justification for the price (including premium, if any) at which the offer or invitation is being made. The company shall also file Form No. MGT-14 for the SR, within 30 days of the General Meeting.

If the company is offering the shares or other securities to the persons other than the existing shareholders or employees, then additional compliance of the provisions of Section 62(1)(c) of the Act are also required to be complied with. Section 62 is applicable in case of a further issue of share capital and Section 62(1)(c) requires prior approval by way of a special resolution for offering of shares to the persons other than existing shareholders and employees. The validity period of SR passed under this section is valid for a period of twelve months from the date of passing and a fresh SR shall be passed if the allotment is not completed within twelve months. It also requires that the price of the shares of the company (other than listed company) is to be determined by the valuation report of a Registered Valuer subject to such conditions as may be prescribed. Since Section 247 of the Act regarding Registered Valuers has not been notified yet, the valuation report is required to be taken from an independent merchant banker who is registered with SEBI or an independent Chartered Accountant in practice having a minimum experience of ten years (Rule 12(7) of PAS Rules). By reading this rule it can be concluded that the independent Chartered Accountant does not include an Internal Auditor or a Statutory Auditor of the Company.

The provisions of Rule 13(2) of the Companies (Share Capital and Debentures) Rules, 2014 (SCD), requires an unlisted company making preferential offer of shares or other securities, to comply with certain compliances and disclosure requirement in the explanatory statement to be annexed to the notice of the General Meeting pursuant to Section 102 of the Act. Rule 13(1)(ii) of SCD rules provides explanation regarding expression "shares or other securities" which means equity shares, fully convertible debentures, partly convertible debentures, or any other securities, which would be convertible into or exchanged with equity shares at a later date. It is apparent that preferential offer is applicable only in case of issue of equity shares or convertible securities.

Pursuant to Rule 13(2) of SCD rules 'Preferential Offer' means an issue of shares or other securities, by a company to any select person or group of persons on a preferential basis and does not include shares or other securities offered through a public issue, rights issue, employee stock option scheme, employee stock purchase scheme or an issue of sweat equity shares or bonus shares or depository receipts issued in a country outside India or foreign securities.

Prior to the invitation to subscribe the securities, the company shall select the persons to whom the invitation is to be made and after getting the approval from the shareholder by way of SR must record their names and other details in the register (Form No. PAS – 5). In order to avoid any dispute in later stage the Company must ensure that they get the consent of the proposed allottees prior to the calling of a GM. The offer or invitation to subscribe the securities by way PPOL should be sent/ circulated to the aforesaid persons only. PPOL shall be accompanied by an application form serially numbered and addressed specifically to the persons to whom the offer is made. PPOL and the application form shall be sent either in writing or in electronic mode within 30 days of the recording of the names. As nothing is stated with regard to the mode of delivery, it is presumed that the same can be sent to the persons through hand delivery, courier, post, registered post, speed post or in electronic mode. Format and contents of application form is not provided under the Act. Nothing is provided in the Act with regard to the period for which the offer should be kept open; hence the Board of Directors can decide the period of the offer, however the allotment of securities should be made within 60 days from the receipt of application money. The company shall file the register in Form No. PAS-5 and PPOL in Form No. PAS-4 with the Registrar of Companies (ROC) within 30 days of circulation of PPOL. Presently, both the forms are required to be attached with the Form No. GNL-2 for filing with ROC.

Section 42(3) also restricts the company from making the fresh offer or invitation unless the allotment with respect to any offer or invitation made earlier have been completed or that offer or invitation has been withdrawn or abandoned by the Company.

All the application money has to be received by cheque or demand draft or other banking channels and has to be kept in a separate bank account in a scheduled bank. The application money cannot be received in cash. The monies received on application shall not be utilized for any purpose by the company except –

- a. For adjustment against allotment of securities
- b. For the repayment of monies where the company is unable to allot securities.

The company shall keep the record of the bank accounts from where payments for subscriptions has been received.

According to Section 42(6) the company shall make the allotment of securities to the investors within 60 days of the receipt of application money. Failure to allot the securities within 60 days will make the company liable to refund the application money to the subscriber within 15 days of the completion of 60 days. In case the company fails to refund the application money within 15 days as aforesaid, then the Company shall be liable to pay the interest on the application money @ 12 % p.a. from the expiry of 60th day.

After making the allotment of securities to the subscribers the company shall file the return of allotment in Form No. PAS-3 with the ROC within 30 days of the allotment. The form should contain an attachment of complete list of security holders containing –

- (i) The full name, address, PAN and email ID of such security holder;
- (ii) The class of security held;
- (iii) The date of allotment;
- (iv) The no. of securities held, nominal value and amount paid on such securities, and particulars of consideration received if the securities were issued in consideration other than cash.

Section 179(3)(c) reads with Section 117(3)(g) of the Act also requires filing of Form No. MGT-14 with the ROC within 30 days of the Board Meeting for passing the resolution for the issue of securities. Filing of Form No. MGT-14 is not applicable in case of a private limited company.

CONSEQUENCES FOR NON COMPLIANCE

1. Any invitation or offer not in compliance with the provisions of this section shall be treated as a public offer and all the provisions of this Act, and Securities Contract (Regulations) Act ,1956 and SEBI Act, 1992 shall be required to be complied with.
2. If a company makes an offer or accepts monies in contravention of this section, the company, its promoters and directors shall be liable for a penalty which may extend to the amount involved in the offer or invitation or rupees two crore whichever is higher. In addition to this the company shall also be required to refund all monies to subscribers within a period of thirty days of the order imposing the penalty. Which means even if the private placement is for any amount less than two crore rupees (say one lac rupees only), in case of contravention of this section, the minimum penalty shall be rupees two crore only.
3. The offence under this section is compoundable under Section 621A of the Companies Act, 1956, since the provisions of Section 441 of the Companies Act, 2013, regarding Compounding of certain offences is yet to be notified.

CHECKLIST OF COMPLIANCE & PROCEDURES TO BE FOLLOWED FOR PRIVATE PLACEMENT

SL. NO.	PARTICULARS	APPLICABLE SECTION & RULES
1	Convene a Board Meeting and give authority to Directors for raising of funds and to open a separate bank account	Sec. 173 & 42(6)
2	Open a separate bank account in the name of Company with a Scheduled Bank	Sec. 42(6)
3	Identify the person to whom the private placement offer / invitation of shares has to be made	Sec. 42(7) & Rule 14 of Ch. III
4	Take consent from the proposed allottees	Sec. 42, 62
5	Obtain a Certificate from a Chartered Accountant in practice having 10 years of experience regarding valuation of securities (in case of unlisted company)	Rule 12(7) of Ch. III & Rule 13(2) of Ch. IV
6	Convene a Board Meeting to hold an EGM for taking approval from the shareholders by way of an SR.	Sec. 173, 42 & 62
7	Prepare the draft of EGM notice and Explanatory Statement for passing of SR for issue of securities through Private Placement	Sec. 42, 62, 101 & 102
8	Explanatory statement needs to be given with the reasons or justification for price at which the offer or invitation is being made	Rule 14(2)(a) of Ch. III
9	Hold an EGM and pass the SR for issue of shares on a Private Placement basis to specified group of persons	Sec. 100, 42 & 62
10	Printing of Share Certificates in prescribed Form No. SH-1	Sec. 46
11	Prepare register / record of Private Placement Offer in Form No. PAS-5. Name of the persons to whom the offer is to be made to be recorded by the Company before issue of such invitation to subscribe the securities in Private Placement Offer	Sec. 42, Rule 14(3) of Ch III
12	Prepare Private Placement Offer Letter - Form No. PAS 4	Sec. 42(1)
13	Hold a Board meeting for issue of letter of offer to the proposed allottees	Sec. 173, 42(1)
14	PPOL in Form No. PAS-4 shall be sent to the persons whose name is recorded in the register in Form No. PAS-5, within 30 days of recording the name of such persons, along with application form serially numbered and addressed specifically to the persons to whom the offer/ invitation is made	Rule 14(1)(b) of Ch. III
15	Form No. PAS-4 & Form No. PAS-5 shall be filed with ROC within 30 days from the date of circulation of PPOL, as an attachment with Form No. GNL-2	Rule 14(3) of Ch. III
16	Offer / invitation shall not be made to more than 200 persons in the aggregate in a financial year	Rule 14(2)(b) of Ch. III
17	Receipt of Application money from shareholders and should be kept in separate bank Account.	Sec. 42(6)
18	Value of offer per person shall not be less than Rs. 20000/- of face value of securities.	Rule 14(2)(c) of Ch. III
19	The Company shall keep the record of the bank account from where such payments for subscription have been received	Rule 14(2)(d) of Ch. III
20	Shares should be allotted within 60 days from the date of receipt of Application money, or it shall repay the application money to the subscriber within 15 days from the date of completion of 60 days. If the Company fails to repay the share application money within 75 days, then it shall be liable to interest @ 12% p.a. from the expiry of 60 days	Sec. 42(6)
21	Hold a Board Meeting and allot the securities to the persons from whom application money is received along with duly filled application form.	Sec. 39 & 42
22	File return of allotment in Form No. PAS - 3 within 30 days of allotment along with Valuation Certificate, detailed list of Allottees and copy of the Board resolutions etc.	Sec. 39
23	File Form No. MGT-14 for issue of securities within 30 days of Board Meeting. (Not applicable in case of private limited company)	Sec. 117(3) & 179(3)
24	Issue share certificates and make necessary entries in the Register of Members in Form No. MGT1	Sec. 39 & 88

Felicitation of President, ICSI & Chairman, ICSI-EIRC on 23.04.2016



CS Anil Murarka, Past President, ICSI felicitating CS Mamta Binani, President, ICSI.



CS H M Chوريا, Past President, ICSI presenting a bouquet to CS Mamta Binani.



CS S M Gupta, Past Chairman, ICSI felicitating CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC

Interactive Meeting with ROC on 29.04.2016



(L to R) CS Sandip Kr Kejriwal, Chairman, ICSI-EIRC; Shri B Mohanty, Registrar of Companies (W.B.); Shri Chandan Kumar, Deputy ROC; CS Gautam Dugar, Secretary, ICSI-EIRC at the Interactive Meeting.

Study Circle Meeting on 'Directors' Report and Notice of AGM' on 01.05.2016



CS Shikha Gupta, Company Secretary, Bhubaneswari Coal Mining Limited, as Expert Speaker being felicitated, (Also seen in picture) CS Siddhartha Murarka, Chairman - Study Circle Committee of EIRC-ICSI.

Half Day Workshop on "Contemporary Issues of Companies Act, 2013, Action Plan for taking first mover's advantage in NCLT & NCLAT , Compliance Management of Direct and Indirect Taxes" on 7.05.2016



CS Manoj Banthia, Practising Company Secretary and Past Chairman, ICSI-EIRC; addressing.



Mrs. Swapna Roy of Tally Solutions Pvt and Shri Amit Sharma of Dynavision Ltd, Guest Speakers being felicitated.

Campus Placement on 07.05.2016



Glimpse of Campus Placement of ICSI-EIRC

Study Circle Meeting on 'Voting at General Meeting' on 14.05.2016



CS Siddhartha Murarka, Chairman - Study Circle Committee of EIRC-ICSI; CS Taposh Roy, Company Secretary, Vesuvius India Limited, Expert speaker being felicitated.



Understanding Related Party Transactions

Siddhartha Murarka

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With the advent of the Companies Act, 2013 (hereinafter referred to as "Act") several provisions have become stricter and procedures for the same have been made elaborate. Frequent amendments, circulars and notifications from the Ministry of Corporate Affairs (hereinafter referred to as "MCA") demand greater professional expertise to remain on the right side of law. Related Party Transactions (hereinafter referred to as "RPT") is one such area where MCA is determined to be proactive with a set of stringent disclosure norms to bring about transparency in related party deals. Provisions related to RPTs are encapsulated in sections 184, 188 and 189 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014. Moreover, listed entities are also required to comply with the provisions contained under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). Keeping in mind the massive disclosure mandates and repeated amendments to these sections by MCA, since the promulgation of the Act, a thorough understanding of the provisions governing RPTs is imperative. In this article, we have also touched upon clauses of Companies (Amendment) Bill, 2016 which may have a bearing on RPT provisions in future.

The foremost step to comply with RPT provisions is to identify or ascertain the related parties. Section 2(76) of the Act defines related party with reference to a company. For better comprehension, this definition can be simplified as under:

Individuals:

- i. A director or his relative ;
- ii. A Key Managerial Personnel (KMP) which includes a manager or his relative;
- iii. Any person on whose advice, directions or instructions a director or manager is accustomed to act;
- iv. Such other persons as may be prescribed – Director (other than an Independent Director) or KMP of the holding company or his relative;
- v. A director or KMP of the holding, subsidiary or associate of such company or his relative;

Non-Individual:

- i. A firm, in which a director, manager or his relative is a partner;
- ii. A private company in which a director or manager or his relative is a member or director;
- iii. A public company in which a director or manager is a director and holds along with his relatives, more than 2 per cent of its paid-up share capital;
- iv. Any body corporate whose Board of Directors (BoD), Managing Director (MD) or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager. However, any advice given under professional capacity is not covered under the definition of relative under this section.
- v. Any company which is –
 - a) a holding, subsidiary or an associate company of such company;

or

- b) a subsidiary of a holding company to which it is also a subsidiary;
- c) **

However, Holding/Subsidiary/Associate/Fellow Subsidiary in relation to a Private Company have been exempted from the definition of "Related Party" u/s 2(77) .

Source of identifying or ascertaining Related Parties:

Related Parties can be identified through Form MBP-1 for disclosure of interest received from the Directors and KMPs of a company. In addition to MBP 1, a list of relatives from all its Directors and KMPs should be taken by a company every year for ascertaining related parties. Other Related Parties such as Associates, Subsidiaries and Holding Company of the Company must also be kept in mind.

Overview of the Sections:

If we look at the sections broadly, Section 184 requires general and specific disclosures to be made by Directors and KMP to the company for their concern or interest and any change therein. Whereas Section 188 outlines substantial provisions of law on related party transactions. Further, Section 189 specifies compliance requirements like maintenance of registers etc.

Compliance requirements under section 184

As per section 184 of the Companies Act 2013 read with Rule 9 of Companies (Meetings of Board and its Powers) Rules, 2014 every Director of the Company has to disclose his interest to the company. The disclosure to be made under this section can be bifurcated into two parts - General Disclosure covered under section 184(1) and Specific or Event Based Disclosure under section 184(2).

General Disclosure in MBP-1 under section 184(1)

Every director is required to disclose his concern or interest, including shareholding of 2% or more in the paid-up capital, in any body corporate, firm or other association of individuals by giving a notice in writing to the company in Form MBP-1 on the following 3 occasions:

- ✓ At the first meeting of the board in which he participates as a director after his appointment [1 time disclosure];
- ✓ At the first board meeting of each financial year [Annual disclosure];
- ✓ At the first board meeting held after any change from the above submitted disclosure [Disclosure about change in concern or interest];

Specific or Event Based Disclosure under section 184(2)

Section 184 is applicable to every director of a company, whether directly or indirectly, concerned or interested in a contract or arrangement entered or proposed to be entered into.

This sub-section applies to any contract or arrangement entered or proposed to be entered into by the company:

- ✓ with a body corporate in which such director or he in association with any other director holds more than 2 percent shares of that body

- corporate;
- ✓ with a body corporate where such director is a Promoter; Manager or Chief Executive Officer;
- ✓ with a firm or other entity in which such director is owner, partner or member.

Moreover, if at the time of entering into such contract/arrangement, the director is not concerned or interested but becomes so at a later date then such director needs to disclose his concern or interest forthwith or in the first board meeting held after he becomes interested.

A director apart from making disclosure about his interest u/s 184(2) shall also not participate at the board meeting during the discussion on the subject matter of the resolution relating to such contract or arrangement. However, interested directors in Private Limited Companies after making disclosure u/s 184(2) can now participate in agenda in which they are interested. However, it is a matter of debate for many professionals whether right to participate after making disclosure also includes right to vote. However, ICSI through its Guidance Note on SS1 has clarified that such interested director after making disclosure u/s 184(2) will be reckoned for the purposes of quorum and he shall also be entitled to vote.

Consequences of Non-compliance

Any contract of agreement entered into by the company without disclosure u/s 184(2) or with the participation by an interested director would be voidable at the option of the company. Further, if a director of the company contravenes the provisions of this section, such director shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to one lakh rupees or with both.

Scope and coverage of section 188

Section 188 of the Act replaces Section 297 of the Companies Act, 1956. Under the previous Act, Central Government's approval was mandatory for any transaction covered under section 297 of the Companies Act, 1956 if the paid up capital of the company was more than Rupees One Crore. The Central Government or the MCA, to promote self governance, has removed the requirement of taking regulatory approval.

Under the new Act, the scope of Section 188 is larger than Section 297 of the Companies Act, 1956. Section 188(1) states that a company (both private and public) can enter into specified contracts or arrangements with a Related Party by passing resolution at a board meeting. However,

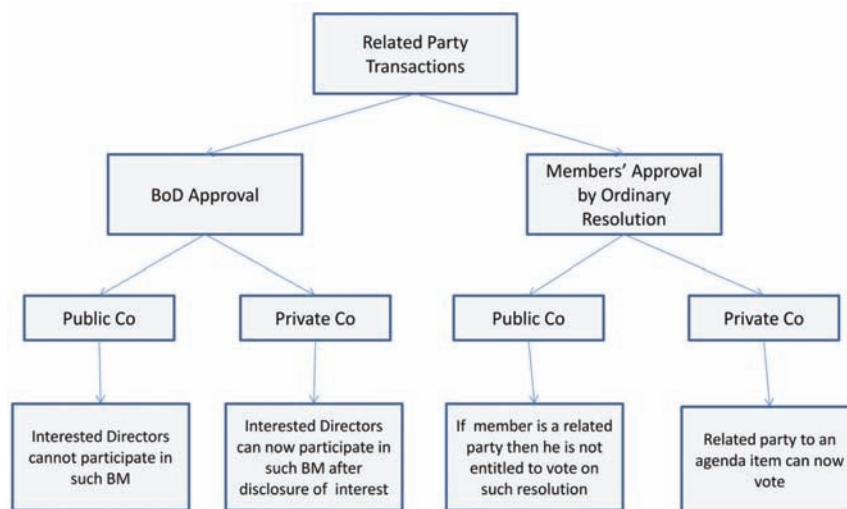
approval of members is required if the value of the RPT exceeds specified limits of the specified contracts or arrangements.

Let us first understand what would qualify as specified contracts or arrangements:

- i. Sale, purchase or supply of any goods or materials;
- ii. Selling, buying property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. Appointment of such related party to any office or place of profit in the company, its subsidiary or associate company;
- vii. Underwriting of securities.

Having read the above, one question which immediately comes to our mind is whether financial transactions (like loan or equity) with Related Parties are covered by Section 188 of the Act? As per Act, the answer is No. As per Accounting Standard 18 (AS 18), the answer is Yes. So in case of unlisted entities, disclosure of such Financial Transactions has to be given in the Financial Statements under AS 18 but compliance under Section 188 of the Act is not required. However, listed entities will not have any leeway because they would be governed by SEBI Listing Regulations (LODR). This is so because Related Party Transactions under AS 18 and LODR are defined as "a transfer of resources or obligations between related parties, regardless of whether or not a price is charged". This definition of RPT as specified in AS 18 and LODR is much wider in scope than the one defined under CA 2013 as it includes in its ambit all financial transactions whether listed under Section 188(1) or not.

Companies Act, 2013 when notified, contained stringent provisions for RPTs approval for both private and public companies alike which posed a lot of practical difficulties for companies getting into related party transactions and seeking members' approval in obtaining approval for RPTs like in the case of Suzuki Motor Corps which was trying to set up an WOS in Gujarat. After numerous representations to MCA by stakeholders, RPT approval has been simplified by MCA vide its chain of amendments and exemptions during last year. Hence, the provisions of RPT approval are now much simplified and are also different in nature for private and public companies. We have tried to explain the same by way of diagram below:



**

However, the above provisions relating to approval under section 188(1) would not apply to transactions entered by the company in its ordinary course of business on arm's length basis. This in effect means that the terms and conditions of the transaction would be significant along with the consideration to justify that there is no conflict of interest. Further, the requirement of passing shareholders' resolution for RPT entered into between a Holding Company and its WoS has also been exempted by MCA.

Section 188(2) requires that every contract or arrangement entered into under section 188(1) shall be referred to in the Board's report to the shareholders along with justification for entering into such contract or arrangement.

However, Section 188(3) states that where any RPT is entered into by a Director or any other employee without obtaining the consent of the Board or shareholders' approval by resolution in a general meeting and if it is not ratified by the Board, or as the case may be, by the shareholders at a meeting within three months from the date on which such RPT was entered into, such contract or arrangement shall be voidable at the option of the Board and if the RPT is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

RPT Compliance under LODR for Listed Entities

Regulation 23 of the LODR talks about RPTs. It states that all listed entities should have a policy on materiality of RPTs. LODR further mandates that all Material RPTs require prior approval of shareholders by passing of an Ordinary Resolution. [Transactions with a related party will be considered material if the overall value during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.]

It is noteworthy that all entities falling under the definition of related parties are not eligible to vote on resolutions concerning such RPTs irrespective of whether the entity is a related party to the particular transaction or not. All RPT in terms of LODR require prior approval of the audit committee. An omnibus approval for RPTs may be granted by audit committee subject to conditions stipulated under LODR.

However, transactions entered into between (i) two Government Companies; or (ii) a Holding Company and its WOS are exempt from the approval requirements as stated under LODR.

Audit Committee Omnibus Approval:

MCA amended Companies (Meetings of the Board and its Powers) Rules, 2014 by adding Rule 6A after Rule 6. This sub-rule mandates All RPTs specified under Section 188 to have Audit Committee (AC) Approval. AC may make omnibus approval for RPTs proposed to be entered into by the company by specifying the criteria for such omnibus approval like maximum value of transaction in aggregate that can be allowed during a year; maximum value per transaction which can be allowed; extent and manner of disclosures, etc after considering the repetitiveness of the transaction along with justification for it. However, AC cannot grant omnibus approval for transactions in respect of selling or disposing of the undertaking of the company.

An omnibus approval of AC shall be valid for one financial year and fresh approval shall be required after the expiry of each financial year. The Rules

further state that where the AC cannot foresee the need for a related party transaction then an omnibus approval for such type of transaction can be granted subject to their value not exceeding Rs 1 Crore per transaction.

Consequences of Non-compliance

Any related party transaction entered into without a board or special resolution, as required, should be ratified in a board meeting or general meeting respectively within 3 months from the date on which such contract or arrangement was entered into. Otherwise the contract shall be voidable at the option of the board and if such a contract is with a related party to any director, or authorised by any other director, the director concerned shall indemnify the company against losses incurred.

Moreover, any director or employee who enters into contract or arrangement in violation of the provisions of this section shall-

- in case of a listed company be punishable with imprisonment upto one year or fine which shall not be less than Rupees Twenty Five Thousand but which may extend to Rupees Five Lakhs, or both.

- in case of any other company be punishable with fine which shall not be less than Rupees Twenty Five Thousand but which may extend to Rupees Five Lakhs.

Compliance provisions under section 189

As per section 189(1) of the Act, every company must maintain a Register of Contracts in Form MBP-4 where all specified particulars of following contracts or arrangements should be entered - (a) contracts or arrangements in which directors are interested [section 184(2) of the Act] and (b) contracts or arrangements covered under 'related party' transactions [section 188 of the 2013 Act].

Whereas the Register to be maintained under section 189(2) should correspond to recording of the requirements under section 184(1) wherein Directors and KMPs are required to disclose their concern or interest in other associations to the company within 30 days of their appointment or relinquishment of office.

However, no entry is required to be made in the Register for the following:

- ✓ If contract or arrangement for sale, purchase or supply of goods, materials or service, value of which does not exceed Rupees Five Lakhs in the aggregate in the year.
- ✓ Any contract or arrangement by banking company for the collection of bills in the ordinary course of business.
- ✓ Where in any company or body corporate in which a director together with any other director holds two percent or less of the paid-up share capital – this provision corresponds to section 184(5) and has a disconnect with section 184(1). This implies that under section 184(1) disclosure of shareholding is required in Form MBP-1 only if the shareholding of the director is more than two percent [Proviso to Rule 16(1)(a)].

General provisions with regard to maintaining of Registers under this section:

- ✓ The register for contracts or arrangements in which directors and KMPs are interested should be kept available for inspection during business hours.
- ✓ Particulars of contracts or arrangement are to be entered separately in the register;

- ✓ Entries are to be made at once, chronologically and authenticated by the CS of the company or any other person authorized by the board. This is an action point for the board and resolution is required be passed for this purpose;
- ✓ Registers maintained under this section are to be placed in the next board meeting and is to be signed by all the directors present in the board meeting;
- ✓ Register is to be preserved permanently and kept at the registered office of the company in the custody of the CS or any other person authorized by the board.
- ✓ The register should be produced at commencement of every Annual General Meeting and shall be open for inspection during meeting to any person who has right to attend the meeting. Members are allowed

to take extracts from the register on payment of fees.

Consequences of Non-compliance

Any director or employee of the company who fails to comply with the provisions of Section 188 shall be liable to a fine not less twenty-five thousand rupees and which may extend to five lacs rupees. Further, the defaulting director or employee in case of a listed company may also be subject to imprisonment for a term which may extend to one year or with both.

Disclaimer: This write-up is for academic discussion purposes only and these are personal views of the author. This write-up does not reflect the views of any organization or institute and it should also not be construed as professional advice.



Articles in Newsletter-EIRC- Guidelines for Authors



1. The articles on subjects of interest to the profession of company secretaries shall be mailed to alok.kumar@icsi.edu
2. The article must carry the name(s) of the author(s) on the title page only and nowhere else.
3. The Institute/the Newsletter Committee has the sole discretion to accept/reject an article for publication in the Newsletter or to publish it with modification and editing, as it considers appropriate.
4. The article shall be accompanied by a 'Declaration-cum-Undertaking' from the author(s) as under:

DECLARATION-CUM-UNDERTAKING

1. I, Shri/Ms./Dr./Professor..... affirm that:
 - a) the article titled "....." is my original contribution and no portion of it has been adopted from any other source;
 - b) this article is an exclusive contribution for Newsletter-EIRC and has not been / nor would be sent elsewhere for publication;
 - c) the copyright in respect of this article, if published in Newsletter-EIRC, shall vest with the Institute.
2. I undertake that I:
 - a) shall abide by the decision of the Institute, i.e., whether this article will be published and / or will be published with modification / editing.
 - b) shall be liable for any breach of this 'Declaration-cum-Undertaking'.

Signature



Special Guidance Programme on 20.05.2016



(Extreme Right) CS Dilip Shah addressing; others sitting on dais (R to L) Shri Sibnath Sengupta, CS S C Pal, Shri P K Sikder and CS Amar Agarwala

Congratulations!

CS (Dr.) Asim Kumar Chattopadhyaya (FCS- 2303) has completed his D.lit. from Rani Durgavati Vishwavidyalaya, Jabalpur.

CS Deepak Kumar Khaitan (FCS- 5615) Past Chairman, ICSI-EIRC received Diploma Certificate for PMQ in Corporate Governance at the 16th PCS Conference of ICSI

Joint Programme of EIRC with the Chapters at Deoghar on 22.05.2016



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC welcomed Shri Nishikant Dubey, Hon'ble Member of Parliament and Member of Parliamentary Standing Committee at Half Day Workshop at Deoghar.



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC addressing the programme



(L to R) CS Ritua Rotolia, Chairperson, Dhanbad Chapter of EIRC; CS Sanjeev Kumar Dixit, Chairman, Ranchi Chapter of EIRC; CS Ashok Purohit, Treasurer, ICSI-EIRC; CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; CS Siddhartha Murarka, Vice-Chairman, ICSI-EIRC; CS Pushpa Rani, Chairperson, Patna Chapter of EIRC and CS Abhijit Nagee, Vice Chairperson, Hooghly Chapter of EIRC.



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC along with other participants of the programme during Deoghar visit.

Full Day Seminar on "Insight on Annual Report – A Practical Approach" on 28.05.2016



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC felicitating Shri R C Meena, Regional Director (Eastern Region), Ministry of Corporate Affairs. Sitting on the dais (L to R): CS S K Agrawala, Council Member, ICSI; CS Ashok Purohit, Treasurer, ICSI-EIRC.



(R to L) CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; CS Anjan Kumar Roy Past Chairman, ICSI-EIRC; CS Savitri Parekh, Chief (Legal & Secretarial), Pidilite Industries Limited; CS Vinod Kothari, Past Chairman, ICSI-EIRC; Shri Rajeev Mundhra, Senior Manager, Deloitte Haskins & Sells; CS Gautam Dugar, Secretary, ICSI-EIRC



SERVICE TAX AUDIT

Vikash Dhanania

V_dhanania@yahoo.com

Hello, respected CS fraternity!

I am really excited to share my knowledge and experience with you in this edition of the magazine. I have taken special care to help you benefit. As a matter of fact, it does not matter how much I know you but how much you gain from my expertise. To me, what matters even more is whether you are able to help your clients take the right decision with the resources I share when they receive a service tax audit notice. I therefore present here helpful tips you can use to help your clients make informed decisions:

1. When you receive audit notice:

There is no point fretting why one received the notice. Do the groundwork immediately because you have no control over it. Without delay, arrange the documents demanded by the department and organize it well within time. Just in case, you are not able to arrange all the documents asked for, seek extension in written. Make sure to reconcile your documents with P&L A/C, Service Tax, TDS Return, etc. before submitting them. If you discover there is any liability on your part, do not pay the amount upfront. Wait until the Audit Officer shows up and then hand over the amount to him. You will only have to bear the interest in this case. If you are still in doubt whether to submit documents or not and how to reconcile, seek guidance of your Tax Consultant before taking a step ahead.

2. On the Day of Audit

Keep your documents and every information organized so that time is not wasted in retrieving and collecting information on the day of audit. Any delay in presenting information can get you a Spot Memo issued because the Audit Officer is liable to think that you have not been following Service Tax rules and have been denting the department's finances.

3. When Spot Memo Arrives

If liability is found on your part, pay the balance along with interest

and penalty. Demand a Show Cause Notice only if think the amount demanded is not justified. If you choose to pay the amount, get an acknowledgment in written. If not, provide a valid explanation for not depositing the amount in written.

Officers always draft an Audit Report post audits. These reports are then sent to MCM (Monitoring Committee). The MCM decides whether your argument in response to the Spot Memo shall be considered or a Show Cause Notice be issued. This is why it is important to include as many facts and details as possible in your reply to Spot Memo.

4. Conclusion

Request the Audit Officer for the Audit Report that he generated. It will be act as a base for you when audits are held in future.

Important Pointers:

- a. Always create Reconciliation Sheet before submitting Annexure to the Service Tax Audit Officer.
- b. If you have paid Service Tax from CENVAT Credit, keep handy the original copy of the invoice from the vendor on the day of audit.
- c. If you are not able to provide required documents on time, the Audit Officer can arrange summon for you after consultation with AC/DC but cannot get Statement from you.
- d. If you have taken benefit of exemptions, abatement and deductions, then the Auditor will scrutinize on what basis you have claimed benefits and if you have shown the details clearly in returns.
- e. Auditors always check what liability you have under Reverse Charge Mechanism and ensure that you have paid that amount with cash GAR-7.
- f. If possible, take care of the auditor's convenience. Arrange refreshments such as snacks and drinks frequently. Your hospitality can influence the course of audit in your favor.

Dedicated Phone Lines

As a part of providing better services, special dedicated lines (033) 2283 2973 / 2290 2178 have been introduced; which will exclusively address your telephone calls to the institute (EIRC) from 10:30AM to 5:30PM on all working days. We are confident that this will help to answer your queries effectively. In case your query is not resolved, please write to sudipto.pal@icsi.edu; chairman.eirc@icsi.edu / sandipkej@yahoo.co.in



इंस्टीट्यूट ऑफ कंपनी सेक्रेटरी ऑफ इंडिया की कार्यशाला में चैयरमैन ने कहा

पूर्वी क्षेत्र में बढ़ रही कारोबारी गतिविधि

■ कार्यशाला में चार राज्यों के सात चैप्टर के प्रतिनिधि हुए शरीक

संवाददाता ▶ देवघर

इंस्टीट्यूट ऑफ कंपनी सेक्रेटरी ऑफ इंडिया और इस्टर्न इंडिया रिजनल कांसिल के संयुक्त तत्वावधान में देवघर में कंपनी सेक्रेटरी की एक कार्यशाला आयोजित हुई। कार्यक्रम में पूर्वी क्षेत्र अंतर्गत पं.बंगाल, ओडिशा, बिहार और झारखंड के सभी सात चैप्टर के प्रतिनिधि शामिल हुए। इस कार्यशाला में पूर्वी क्षेत्र में हो रहे वाणिज्यिक बदलाव पर गहन चर्चा की गयी और इस बदले माहौल में कंपनी सेक्रेटरी की भूमिका की समीक्षा की गयी। कार्यशाला में आये प्रतिनिधियों को संबोधित करते

हुए स्थानीय सांसद निशिकात दुबे ने कहा कि देश के वाणिज्यिक विकास में कंपनी सेक्रेटरी की बहुत महत्वपूर्ण भूमिका होती है। सांसद ने अन्य जगहों की तरह देवघर में भी इसका एक चैप्टर खोलने का आग्रह काउंसिल से किया। कार्यशाला में आये प्रतिनिधियों को संबोधित करते हुए इस्टर्न इंडिया रिजनल काउंसिल के अध्यक्ष संदीप कुमार केजरीवाल ने कहा कि आगामी पहली जुलाई से नवगठित नेशनल कंपनी लॉ बोर्ड ट्रिव्यूनल अस्तित्व में आ जायेगी, जिससे कंपनी संबंधित उच्च न्यायालय और कंपनी लॉ बोर्ड में लंबित मामले ट्रिव्यूनल ने स्थानांतरित हो जायेंगे। जिससे कंपनी का पक्ष रखने का अधिकार सीधे कंपनी सेक्रेटरी को मिल जायेगा। उन्होंने कहा कि पूर्वी क्षेत्र में तेजी से हो रहे बदलाव में



कार्यशाला में मंचासीन कंपनी सेक्रेटरी के प्रतिनिधि. फोटो | प्रभात खबर

कंपनी सेक्रेटरी की भूमिका अहम हो जाती है और इसी की चर्चा आज की कार्यशाला के माध्यम से प्रतिनिधियों से की गयी। इस अवसर पर पूर्वी क्षेत्र के सभी 7 चैप्टर से आए कंपनी सेक्रेटरी मौजूद थे।

Many Bengal students leaving state to pursue CS: ICSI

PBD BUREAU
KOLKATA, APRIL 23

MANY graduates from the city and elsewhere in West Bengal are being forced to pursue the company secretary (CS) course in other states because of lack of local job openings. President of Institute of Company Secretaries of India (ICSI) Mamta Binani said.

"Many students are leaving the state after completing their graduation here. They are enrolling into the CS course in other states," Binani said at a press meet today.

She singled out poor employment scenario in Bengal for the current state of affairs.



Nearly 46,000 students from the eastern region are enrolled in the CS course, the lowest among all

regions. The all-India figure is 3.83 lakh. "The geography of the eastern region was the smallest among the four regions. This is another reason why the number of students here is less," Binani said.

"Students pursuing CS in the state also find it hard to get on-the-job training, which is part of the curriculum, she explained.

KOLKATA, APRIL 23 /- Many graduates from the city and elsewhere in West Bengal are being forced to pursue the company secretary (CS) course in other states because of lack of local job openings, president of Institute of Company Secretaries of India (ICSI) Mamta Binani said.

"Many students are leaving the state after completing their graduation here. They are enrolling into the CS course in other states," Binani said at a press meet here today. She singled out poor employment scenario in Bengal for the current state of affairs. Nearly 46,000 students from the eastern region are enrolled in the CS course, the lowest among all regions. The all-India figure is 3.83 lakh.

"The geography of the eastern region was the smallest among the four regions. This is another reason why there is a rise in the number of students leaving the state to pursue the CS course in other states," Binani said.

Bhubaneswar Chapter

03.04.2016	Full day seminar on NCLT
05.04.2016	Lecture meet on "Related Party Transactions"
09.04.2016	Talk on "Scope for Company Secretary under Foreign Trade Policy 2015-2020"
09.04.2016	Seminar on "Capital Market & Wealth Creation by Equity"
16.04.2016	Celebration of International Corporate Governance Day
22.04.2016	Celebration of Earth Day
08.05.2016	Interactive Session with the President, the ICSI
14.05.2016	Academic Guidance Programme
25.05.2016	Meeting of CSBF members

Dhanbad Chapter

16.04.2016	Whirlwind Plenary on Evangelizing the International Corporate Governance Day
22.04.2016	Earth Day Celebrations
06.05.2016	Study Circle Meeting on "Appointment & Qualifications of Directors"

Hooghly Chapter

10.04.2016	1st Study Circle Meeting of 2016 on "Practical Aspects with reference to New MCA Portal"
10.04.2016	2nd Study Circle Meeting of 2016 on "MCA Filings and Discussion on Condonation and Compounding"
08.05.2016	Full-Day Workshop on "Changes in The Companies (Amendment) Bill, 2016 with Special Focus on Issue of Securities, Related Party Transaction, Sec.185 & 186, Deposits and Other Amendments Thereon"
15.05.2016	Full-Day Workshop on "Role of Company Secretaries in Emerging Securitization and Asset Reconstruction" & "Mergers & Amalgamation"

Jamshedpur Chapter

16.04.2016	International Corporate Governance Day Programme
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North Eastern Chapter

01.04.2016 to 02.04.2016	Last two days of 'Professional Entrepreneurship Development Programme'
09.04.2016	National Seminar of Companies Act 2013; National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) – Convergence of Corporate Jurisdiction.
09.04.2016 to 27.04.2016	108th MSOP of EIRC of ICSI
16.04.2016	Seminar on Whirlwind Plenary on Evangelizing the International Corporate Governance Day"
18.04.2016	Half day National Seminar on Start-up India and Corporate Governance jointly with Assam University, Silchar
21.04.2016 to 23.04.2016	Career Workshop organised by St. Mary's Higher Secondary School, Guwahati
25.04.2016	Opening of ICSI-Jorhat Study Center
10.05.2016 & 11.05.2016	The Assam Tribune Edu Fair
11.05.2016	Press Meet on Awareness for Career as a Company Secretary & CS Course
13.05.2016 & 14.05.2016	The Assam Tribune Edu Fair
21.05.2016	Half day Seminar on "SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015"
21.05.2016	Half day Seminar on Companies Amendment Bill 2016 and Critical Issues in Companies Act 2013
21.05.2016	Annual General Meeting

7 Career Awareness Programme & 2 Investor Awareness Programme were organised during this period.

Patna Chapter

07.04.2016-08.04.2016	Career Fair
11.04.2016	Induction Program for Foundation Students
12.04.2016	Induction Program for Executive Students
16.04.2016	International Corporate Governance Day
24.04.2016-25.04.2016	Professional Development Programme
07.05.2016	Induction Programme for Foundation Students
25.05.2016	Oral Classes started for Foundation Programme

1 Career Awareness Programme were organised during this period.

Ranchi Chapter

02.04.2016 to 04.04.2016	2nd 3-days e-Governance Programme
13.04.2016 to 14.04.2016	25th Career Fair
16.04.2016	Study Circle on 'Corporate Governance'
16.04.2016	Observation of ICGD
26.04.2016 to 03.05.2016	08th Executive Development Programme
24.05.2016 to 28.05.2016	2nd 5-days Skill Development Programme
28.05.2016	Observation of Swatchhta Pakhwada by ICSI employees

2 Career Awareness Programmes were organised during this period.

QUIZ

- In case of Listed Company, the information(s) which are required to be updated in company website, what is the time-frame for updating the same.

A 24 hours	C 6 hours
B 48 hours	D Promptly
- Which of the following regulations of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation 2015 came into force on the date of notification of these regulation i.e. on 2nd September 2015.

A 31A	C 24
B 25 (3)	D 30
- The Act allows _____ mergers

A Product extension	C No
B Vertical	D Cross Border
- Entails valuation on the basis of recent investment received in the company from an independent investor.

A Comparable Transaction Multiples Method (CTM)
B Price of Recent Investment method (PORI)
C Discounted Cash Flow Method (DCF)
D Profit Earning Capacity Value (PECV)
- Form No. 15.2 shall be signed by each of the consenting

A Directors	C Secured Creditors
B Auditors	D Shareholders
- There shall be no audio or video _____ of the mediation/conciliation proceedings.

A Recording	C Availability
B Clips	D Assurance
- When did the Secretarial Standard on Meeting of The Board of Directors came into effect .

A September 28, 2015	C June 01, 2015
B May 15, 2015	D July 01, 2015
- The Companies Act, 2013 is an Act of the Parliament of India which regulates incorporation of a company, _____ of a company, directors, and dissolution of a company.

A Provisions	C Responsibilities
B Powers	D Values
- On which date the President has given his assent to The Companies (Amendment) Act, 2015?

A May 05, 2015	C June 05, 2015
B April 01, 2015	D May 25, 2015
- Name of the former Chairman of Securities and Exchange Board of India who has served from February 19, 2008 to February 17, 2011.

A Shri U. K. Sinha	C Shri M. S. Sahoo
B Shri M. Damodaran	D Shri C. B. Bhawe

(Answer - page 3)

Disclaimer

While every effort has been made and care has been taken in preparation of this newsletter and to ensure its accuracy at the time of publication, EIRC of ICSI assumes no responsibility for any errors which despite all precautions, may creep in. ICSI-EIRC does not own any responsibility for the information and views published in the journal which are of the contributors.



FAQs ON SECRETARIAL STANDARD - 2

Shubhradip Bose

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1. Is Secretarial Standard 2 applicable on all Companies?

Ans. As per Section 117 of the Companies Act, 2013, every company shall observe secretarial standards with respect to General and Board meetings specified by the Institute of Company Secretaries of India constituted under Section 3 of the Company Secretaries Act, 1980. Hence, every company other than One Person Company shall require observing Secretarial Standard 2 for conducting general meetings.

2. What will prevail in case of any variation in any provision of the applicable laws and the Secretarial Standards?

Ans. Generally, in addition to the Secretarial Standards, the requirements laid down under any other applicable laws and rules and regulations, need to be complied with. However, in case of variations in any provision of the applicable laws and the Secretarial Standards, the stricter provisions need to be complied with.

3. What would be the position if a particular Standard becomes inconsistent due to subsequent changes in the law?

Ans. If, due to subsequent changes in the Act, a particular Standard or any part thereof becomes inconsistent with the Act, the provisions of the Act shall prevail.

4. What is the effective date of applicability of SS-2?

Ans. 1st July, 2015.

5. Is uploading Notice of general meeting necessary?

Ans: Yes. As per SS 2, in case of companies having a website, the Notice shall be hosted on the website. Hence, uploading notice in the website of the company, if any, is mandatory.

6. In the notice convening general meeting, apart from date, time, venue and agenda items, is there any other requirement prescribed in the SS 2?

Ans: Yes. Every notice convening general meeting shall contain complete particulars of the venue of the meeting including route map and prominent land mark for easy location. In case of companies having a website, the route map shall be hosted along with the Notice on the website.

7. Is it possible to call general meeting by the requisitionists on a Sunday which is not a National Holiday?

Ans. No. A Meeting called by the requisitionists shall be convened only on a working day.

8. What is the meaning of 21 clear days for the purpose of dispatching notice of general meeting?

Ans. For the purpose of reckoning twenty-one days clear Notice, the day of sending the Notice and the day of Meeting shall not be counted. Further in case the company sends the Notice by post or courier, an additional two days shall be provided for the service of Notice.

9. What would be the consequences, if any business is transacted at a general meeting without adhering the SS 2?

Ans. No business shall be transacted at a Meeting if Notice in accordance with this Standard has not been given.

10. Can a general meeting be postponed?

Ans. A Meeting convened upon due Notice shall not be postponed or cancelled.

11. What are the items which can be transacted at an Extraordinary General Meeting?

Ans. Items of business other than Ordinary Business may be considered at an Extra-Ordinary General Meeting or by means of a postal ballot, if thought fit by the Board.

12. Whether proxies are counted for the purpose of quorum?

Ans. No. Members need to be personally present at a Meeting to constitute the Quorum. Proxies shall be excluded for determining the Quorum. Provided, a duly authorized representative of a body corporate or the representative of the President of India or the Governor of a State is deemed to be a Member personally present and enjoys all the rights of a Member present in person. However, one person can be an authorized representative of more than one body corporate. In such a case, he is treated as more than one Member present in person for the purpose of Quorum.

13. Whether quorum is required to be present throughout the meeting?

Ans. Yes. Quorum shall be present throughout the Meeting. Quorum shall be present not only at the time of commencement of the Meeting but also while transacting business.

14. If a shareholder opts for the e-voting facility and votes accordingly, and then also attends the meeting physically, whether, his presence at the meeting shall be counted for the purpose of quorum?

Ans. Yes. Members who have voted by Remote e-voting have the right to attend the General Meeting and accordingly their presence shall be, counted for the purpose of Quorum.

Further, a Member who is not entitled to vote on any particular item of business being a related party, if present, shall be counted for the purpose of Quorum.

15. What will happen, if the Chairman of the meeting is himself interested in a particular resolution?

Ans. If the Chairman is interested in any item of business, without prejudice to his Voting Rights on Resolutions, he shall entrust the conduct of the proceedings in respect of such item to any Dis-Interested Director or to a Member, with the consent of the Members present, and resume the Chair after that item of business has been transacted.

16. Is it necessary to invite the Statutory Auditors and Secretarial Auditors at a general meeting?

Ans. It is the complete discretion of the company to invite the Statutory Auditors and Secretarial Auditors at a general meeting.

17. Can a proxy be treated as a member?

Ans. A proxy shall be treated as a Member in case of companies with charitable objects etc. and not for profit registered under the specified provisions of the Act.

18. What will be happen if a company receives multiple Proxies for the same holdings of a Member?

Ans. If a company receives multiple Proxies for the same holdings of a Member, the Proxy which is dated last shall be considered valid; if they are not dated or bear the same date without specific mention of time, all such multiple Proxies shall be treated as invalid.

19. Whether a register is required to be maintained for proxies?

Ans. Yes. All Proxies received by the company shall be recorded chronologically in a register kept for that purpose.

20. Can a proxy demand for poll?

Ans. Yes. While a Proxy cannot speak at the Meeting, he has the right to demand or join in the demand for a poll.

21. If a company provides voting through electronic means, is the company required to follow any other voting process at the general meeting?

Ans. Every Company, which has provided e-voting facility to its Members, shall also put every Resolution to vote through a ballot process at the Meeting.

22. If a member holds share physically, can he participate in the e-voting facility?

Ans. Yes. Every company providing e-voting facility shall offer such facility to all Members, irrespective of whether they hold shares in physical form or in dematerialized form.

23. Whether voting through show of hands is permissible?

Ans. Yes. Every company shall, at the Meeting, put every Resolution, except a Resolution which has been put to Remote e-voting, to vote on a show of hands at the first instance, unless a poll is validly demanded.

24. Can a resolution passed at a general meeting be revoked?

Ans. Resolutions for items of business which are likely to affect the market price of the securities of the company shall not be withdrawn. However, any resolution proposed for consideration through e-voting shall not be withdrawn.

25. Can a resolution be rescinded?

Ans. A Resolution passed at a Meeting shall not be rescinded otherwise than by a Resolution passed at a subsequent Meeting.

26. Whether Modifications to Resolutions is permissible?

Ans. Modifications to any Resolution which do not change the purpose of the Resolution materially may be proposed, seconded and adopted by the requisite majority at the Meeting and, thereafter, the modified Resolution shall be duly proposed, seconded and put to vote.

27. Whether gifts can be distributed among the members at general meeting?

Ans. No gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Meeting.

28. Whether all business can be transacted through postal ballot?

Ans. No. Ordinary Business shall not be transacted by means of a postal ballot.

29. Whether separate minutes book is required to maintain for resolutions passed through postal ballot?

Ans. No. Resolutions passed by postal ballot shall be recorded in the Minutes book of General Meetings.

30. Can minutes of general meetings be maintained in electronic mode?

Ans. A Company may maintain its Minutes in physical or in electronic form with Timestamp.

31. Whether date of entry in the minutes book is required to be mentioned at the time of entry of minutes?

Ans. Yes. Minutes shall be entered in the Minutes Book within thirty days from the date of conclusion of the Meeting. The date of entry of the Minutes in the Minutes Book shall be recorded by the Company Secretary and where there is no Company Secretary, it shall be entered by any other person authorized by the Board or the Chairman.

32. Can a company provide extracts of the general meeting at any time after the conclusion of meeting?

Ans. No. Extract of the Minutes shall be given only after the Minutes have been duly signed. However, any Resolution passed at a Meeting may be issued even pending signing of the Minutes, provided the same is certified by the Chairman or any Director or the Company Secretary.

33. Whether time of conclusion of minutes is required to be mentioned at the beginning of minutes?

Ans. Yes. Minutes shall state, at the beginning the Meeting, name of the company, day, date, venue and time of commencement and conclusion of the Meeting.

34. Can minutes be maintained in electronic mode?

Ans. Yes. Minutes in electronic form shall be maintained with Timestamp. "Timestamp" means the current time of an event that is recorded by a Secured Computer System and is used to describe the time that is printed to a file or other location to help keep track of when data is added, removed, sent or received."

35. Whether all listed companies are required to provide e-voting facility to the members at a general meeting?

Ans. No. Companies whose equity shares are listed on SME Exchange or on the Institutional Trading Platform are not required to provide e-voting facility.

36. Who will appoint the Agency for e-voting?

Ans. The Agency for e-voting shall be appointed by the Board only.

37. For how many years office copies of notices, agenda etc. are required to be preserved?

Ans. Office copies of Notices, Agenda, Notes on Agenda and other related papers shall be preserved in good order in physical or in electronic form for as long as they remain current or for eight financial years, whichever is later and may be destroyed thereafter with the approval of the Board.

** Points to Remember:

The minutes of General Meeting shall inter-alia contain the following:

- The presence of the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee or their authorized representatives. (Chairman of Audit Committee is not required to be present as per The Companies Act, 2013);
- Summary of the opening remarks of the Chairman.
- Summary of the clarifications provided on various Agenda Items.



Annual Return under Companies Act, 2013-Synopsis

Shikha Gupta

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Introduction:

Section 159,160,161,162 & Schedule V deals with the Annual Return & related provisions under Companies Act, 1956, however in Companies Act, 2013 all these sections are combined together in one Section namely – 92.

Apart from the Financial Statements, this is the only document to be compulsorily filed with the MCA every year irrespective of any events/happenings in the Company.

Preparation of Annual Return:

Every company shall prepare a return (hereinafter referred to as the annual return) in Form No. MGT-7 containing the particulars as they stood on the close of the financial year.

Particulars of Annual Return:

- its registered office, principal business activities, particulars of its holding, subsidiary and associate companies;
- its shares, debentures and other securities and shareholding pattern;
- its indebtedness;
- its members and debenture-holders along with changes therein since the close of the previous financial year;
- its promoters, directors, key managerial personnel along with changes therein since the close of the previous financial year;
- meetings of members or a class thereof, Board and its various committees along with attendance details;
- remuneration of directors and key managerial personnel;
- penalty or punishment imposed on the company, its directors or officers and details of compounding of offences and appeals made against such penalty or punishment;
- matters relating to certification of compliances, disclosures as may be prescribed;
- details, as may be prescribed, in respect of shares held by or on behalf of the Foreign Institutional Investors indicating their names, addresses, countries of incorporation, registration and percentage of shareholding held by them;
- details of disclosures relating to closure of register of members/debenture holders, declaration of dividend, delisting of shares/securities, particulars of Inter corporate loans and investments, Related Party Transactions, details of resolutions passed by postal ballot; and
- other disclosures including CSR, amount spent during the financial year in pursuance of CSR.

Authentication of Annual Return:

OPC and small company

Annual Return shall be signed by –

- the company secretary, or

- where there is no company secretary, by the director of the company.

All other Companies

Annual Return shall be signed by –

- a director and the company secretary, or
- where there is no company secretary, by a PCS

Certification of Annual Return by PCS:

The annual return, filed by a listed company or, by a company having paid-up capital of Rs.10 Crores or more OR turnover of Rs.50 Crores or more shall be certified by a PCS in Form No. MGT-8 stating that the annual return discloses the facts correctly and adequately and that the company has complied with all the provisions of this Act.

Extract of Annual Return:

An extract of the annual return in Form No MGT-9 shall form part of the Board's report.

Filing of Annual Return:

Every company shall file a copy of the annual return with the Registrar.

If AGM is held-

File AR within 60 days from the date on which the AGM is held or

If no AGM is held in any year-

File AR within 60 days from the date on which the AGM should have been held together with the statement specifying the reasons for not holding the AGM with such fees or additional fees as may be prescribed, within the time as specified, under section 403.

Inspection of Annual Return:

Copies of Annual return shall be open for inspection during business hours, at such reasonable time on every working day as the board may decide, by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of such fee as may be specified in the articles of association of the company but not exceeding fifty rupees for each inspection.

Reasonable time of not less than two hours on every working day shall be considered by the company.

Place of keeping return:

The Annual return filed shall be kept at the registered office of the company. Copies of the return can also be kept at any other place in India in which more than 1/10 of the Total numbers of members entered in the register of members reside, if approved by Special Resolution passed at a general meeting of the company and Registrar has been given a copy of proposed Special Resolution in advance, at least one day before the date of General Meeting of the company in form no. MGT 14 [Rule 15(6) of the Companies (Management and Administrations) Rules, 2014]

Preservation of Annual Return:

Copies of all annual returns and copies of all certificates and documents required to be annexed thereto shall be preserved for a period of 8 years

from the date of filing with the Registrar [Rule 15(3) of the Companies (Management and Administration) Rules, 2014].

Copies of Annual Return:

Copies of the Annual return shall be furnished to any member, debenture-holder, other security holder or beneficial owner of the company or any other person on payment of such fee as may be specified in the Articles of Association of the company but not exceeding rupees ten for each page and such copy shall be supplied by the company within a period of seven days from the date of deposit of fee to the company.

Annual Return by Foreign Company:

Every foreign company shall prepare and file, within a period of sixty days from the last day of its financial year, to the Registrar annual return in Form FC.4 along with such fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 containing the particulars as they stood on the close of the financial year.

Disqualification to be appointed as Director:

No person who is or has been a director of a company which has not filed for continuous period of three financial years, shall not be eligible for

re-appointment as Director of the Company or any other Company for a period of 5 years from the date on which the said company fails to do so. [Section 164(2)]

Penalty:

Company	Fine which shall not be less than ` 50,000/- but which may extend to ` 5,00,000/-
Officer	Imprisonment for a term which may extend to 6 months or Fine which shall not be less than ` 25,000/- but which may extend to ` 5,00,000/- or with both.
PCS	Fine which shall not be less than ` 50,000/- but which may extend to ` 5,00,000/-

Secretarial Standard -1 (effective from 1st July, 2015)

Mandatory disclosure in the Annual Return of a company disclosing the number and dates of Meetings of the Board and Committees held during the financial year indicating the number of Meetings attended by each Director.



2ND QUARTER / HALF YEARLY COMPLIANCES ALONG WITH PRE & POST ANNUAL GENERAL MEETING COMPLIANCES

Mohan Ram Goenka

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I. MANDATORY COMPLIANCES BASED ON E-FORMS BY ALL COMPANIES

A. PRE AGM

Sl. No.	Form	Section of the Companies Act 2013	Particulars	Time Limit	Applicability
1.	MGT 14	Sec. 179(3)	Approval of Financial Statement (Standalone & Consolidated)	Within 30 days of approval in BM	All Cos. (Except Pvt. Co.)
2.	MGT 14	Sec. 179(3)	Approval of Board Report	Within 30 days of approval in BM	All Cos. (Except Pvt. Co.)
3.	CRA 2	Sec. 148 & Rule 3 & 4 of Companies (Cost Records and Audit) Rules 2014	Appointment of Cost Auditor	within 30 days of Board Meeting or within 180 days of the commencement of Financial year	* Cos. with T/O Rs. 35 Crs. Or more during P. F.Y. (as applicable)

B. POST AGM

Sl. No.	Form	Section of the Companies Act 2013	Particulars	Time Limit	Applicability
1.	MGT 14	Sec. 117 & Ors	Approval of Special / Ordinary Resolutions by shareholders at AGM (as applicable)	Within 30 days of approval in AGM	All Companies
2.	MGT 15	Sec. 121	Report on AGM	Within 30 days of AGM	Listed Companies
3.	ADT 1	Sec. 139 to 141	Re-appointment / Appointment of Auditors (as applicable)	Within 15 days of AGM	All Companies

4.	DIR 12	Sec. 152/149/161 & Ors.	Appointment / Change in designation of Directors	Within 30 days of approval in AGM	All Companies
5.	AOC 4 / (AOC 4 XBRL)	Sec. 129 / 137	Filing of Standalone Financial Statements	Within 30 days of approval in AGM	All Companies (XBRL as applicable)
6.	AOC 4 CFS	Sec. 129/137	Filing of Consolidated Financial Statements	Within 30 days of approval in AGM	All Companies to which consolidation applicable
7.	MGT 7	Sec. 92	Filing of Annual Return	Within 60 days of AGM	All Companies
8.	MGT 8	Sec. 92	Obtaining MGT 8 Certificate from PCS	Within 60 days of AGM (Attachment to MGT 7)	ALL Companies with paid up Capital – Rs. 10 Crs or Turnover – Rs. 50 Crs
9.	CRA 3	Sec. 148 & Rule 6(4&5) of Companies (Cost Records and Audit) Rules 2014	Obtain Cost Audit Report in CRA 3 from Cost Auditor	180 days from the closure of Financial Year	* Cos. with T/O Rs. 35 Crs. Or more during P. F.Y. (as applicable)
10.	CRA 4	Sec. 148 & Rule 6(6) of Companies (Cost Records and Audit) Rules 2014	Submission of CRA 3 to Central Gov.	30 days from the date of receipt of a copy of the cost audit report	* Cos. with T/O Rs. 35 Crs. Or more during P. F.Y. (as applicable)

*To be read along with Rule 4 of Companies (Cost Records and Audit) Rules 2014

II. MANDATORY COMPLIANCES BY EQUITY LISTED COMPANIES AS PER SEBI REGULATIONS, LODR & OTHER APPLICABLE PROVISIONS OF COMPANIES ACT, 2013

1. SEBI/LODR COMPLIANCES

A. QUARTERLY

Sl. No.	Regulations	Particulars	No. of Days from the end of Quarter
1.	Regulation 13 (3)	Submission of Statement of Investor complaints	21 days
2.	Regulation 27 (2)	Submission of Quarterly compliance report on Corporate Governance	15 days
3.	Regulation 31	Submission of Shareholding Pattern	21 days
4.	Regulation 33(3)	Submission of Quarterly and year-to-date Financial Results	45 days
5.	Reg.55A SEBI- DP	Submission of Certificate on Reconciliation of Share Capital Audit.	30 days

B. HALF YEARLY

Sl. No.	Regulations	Particulars	No. of Days from the end of half year
1.	Regulation 7(3)	Submission of Compliance Certificate	1 month
2.	Regulation 40(9)/ (10)	Submission of Certificate from PCS w.r.t. transfer or transmission or transposition of securities	1 month

C. BOARD MEETING COMPLIANCES

Sl. No.	Regulations	Particulars	Time Limit
1.	Regulation 29(1) (a) and 29(2)	Prior Intimation of Board Meeting for consideration of Quarterly Financial Results	at least 5 days in advance (excluding the date of the intimation & date of the meeting), and such intimation shall include the date of such meeting of board of directors
2.	Regulation 47(1) (a) and 47(3)	Advertisements in Newspapers for notice of meeting of the board of directors where financial results shall be discussed	simultaneously with the submission of the same to the stock exchange(s)

3.	Regulation 47(1) (b) and 47(3)	Advertisements in Newspapers for financial results	within 48 hours of conclusion of BM
4.	Regulation 30(6) (2nd proviso)	Outcome of Meetings for matters specified in sub-para 4 of Para A of Part A of Schedule III (Dividend & Financial Results)	within 30 minutes of the closure of BM

D. PRE AGM

Sl. No.	Regulations	Particulars	Time Limit
1.	Regulation 42	Intimation of Record Date \ Corporate Action	at least 7 working days (excluding the date of intimation and the record date)
2.	Regulation 42	Recommend or declare dividends	at least 5 working days before the record date
3.	Regulation 23(8)	All existing material related party contracts or arrangements entered into prior to 01.12.2016 and which may continue beyond such date	shall be placed for approval of the shareholders in the first General Meeting
4.	Regulation 36(2)	Sending Annual report to holder of securities	Not less than 21 days before AGM
5.	Regulation 9 r/w Sch. B of Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015	Closure and Re-opening of Trading windows for Declaration of financial results / Dividend etc.	Re-open should not be earlier than 48 hours after the information becomes generally available

E. POST AGM

Sl. No.	Regulations	Particulars	Time Limit
1.	Regulation 34(1)	Submission of Annual Report to Stock Exchange	21 working days of being adopted in AGM
2.	Regulation 44(3)	Details regarding voting results	48 hours of conclusion of its General Meeting

2. E-VOTING COMPLIANCES BY LISTED COMPANIES FOR AGM

Sl. No.	Section of the Companies Act 2013	Particulars	Time Limit
1.	Sec. 108 & Rule 20(4)(ix) of Chapter VII	Appointment of Scrutinizer	In the Board Meeting held before dispatch of Notice of AGM
2.	Sec. 108 & Rule 20(4)(v) of Chapter VII	Paper advertisement for dispatch of Notice of AGM	Atleast 21 days before AGM
3.	Sec. 108 & Rule 20 of Chapter VII	Deciding cut-off date for determining eligibility to vote by electronic means before AGM or at the Venue	To be decided in Board Meeting and Date to be taken as not earlier then 7 days before date of AGM
4.	Sec. 108 & Rule 20(xi) of Chapter VII	Allow voting to members under permitted mode who had not casted vote by electronic means	At the end of discussions of the resolution in AGM
5.	Sec. 108 & Rule 20(xii) of Chapter VII	Obtain Scrutinizer's report	3 days of conclusion of meeting (as per LODR 48 hrs)
6.	Sec. 108 & Rule 20(xii) of Chapter VII	Declaration of results by Chairman or any authorized person	After receipt of Scrutinizer Report
7.	Sec. 108 & Rule 20(xvi) of Chapter VII	Placing of results on the website of the Company and agency	Immediately after the result is declared by the Chairman





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