

ICSI-EIRC NEWSLETTER



Eastern
India
Regional
Council

THE INSTITUTE OF Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE
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Sitting (L to R): CS Siddhartha Murarka, Vice Chairman, ICSI-EIRC; CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; CS Mamta Binani, President, ICSI; CS Santosh Kumar Agrawala, Council Member, ICSI; CS Gautam Dugar, Secretary, ICSI-EIRC. **Standing row** (L to R): CS Aditya Purohit, Chairman, ICSI-Hooghly Chapter; CS Rupanjana De, Member, ICSI-EIRC; CS Sunita Mohanty, Member, ICSI-EIRC; CS Priyadarshi Nayak, Vice Chairman, ICSI-Bhubaneswar Chapter; CS Ashok Kumar Mishra, Chairman, ICSI-Bhubaneswar Chapter; CS Sanjeev Kumar Dikshit, Chairman, ICSI-Ranchi Chapter; CS Pushpa Rani, Chairperson, ICSI-Patna Chapter; CS Pramod Kumar Singh, Chairman, ICSI-Jamshedpur Chapter; CS Ashok Purohit, Treasurer, ICSI-EIRC; CS Biman Debnath, Chairman, ICSI-Guwahati Chapter; CS Pankaj Jain, Member, ICSI-Guwahati Chapter; CS Rajan Singh, Secretary, ICSI-Hooghly Chapter; CS Ritu Ratolia, Chairperson, ICSI-Dhanbad Chapter.

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My Dear Esteemed Friends

Greetings from EIRC of ICSI!

I take immense pleasure in sharing my thoughts as Chairman of your EIRC-ICSI for the first time. At the outset, I would like to express my heartfelt gratitude to all the members for having reposed their trust and confidence upon me. I would also express my heartfelt gratitude to my friends in the council for their support. I assure you that I will make all efforts to take Institute and Profession to the next level. I assure that the flag of your EIRC will fly high with your support and suggestion.

Unity, enthusiasm, responsibilities amongst we trustees (Council Members and Regional Council Members) helps to implement the vision of EIRC and vision of ICSI as a whole. Teamwork divides the tasks and multiples the success.

I acknowledge the efforts made by my mentors (Past Presidents, Past Council Members & Past Chairman/Chairperson).

It is our proud privilege to say President of your Institute, CS Mamta Binani also belongs to our region, who along with our Central Council Member, CS SK Agrawala have been guiding the Regional Council all along.

Chapters

Friends, EIRC cannot fulfil its dream without the development of chapters. Hence it will be my priority to work with chapters hand in hand. EIRC will provide all support to all the chapters.

It will be on my priority to develop all the chapters by sharing the new ideas with the chapters, visiting the chapters, providing all the facilities they need either from EIRC or from HO as the situation demands.

Members

Role and responsibilities of Company Secretary has been widened after Changing regulatory framework like the Companies Act 2013 and SEBI LODR. However, as Chairman of our EIRC, it will be my endeavour not only to focus on these areas but also undertake training and orientation programs on development of soft skills and grooming of members and students.

Liaison with Government, Bureaucracy and Regulators will be at the top priority to garner more recognition for our profession.

I am sure that the concept of Study Centres will usher a new era for expansion of ICSI's reach to untapped areas.

In this journey, EIRC has done a lot of programmes for members and students and your overwhelmed participation in all the programmes, organized after 19th January, shows your deep satisfaction in EIRC working. Let me acknowledge also the grand record success of the conference of Practicing Company Secretaries held on 10th October, 2015, where I was the chairman of Practicing Company Secretary Committee and co-ordinator of the PCS conference.

The aforesaid programmes are well covered by media also. EIRC has also conducted programmes with Merchant Chamber of Commerce, ICC and BCCI.

His excellency Governor of West Bengal **Shri Keshri Nath Tripathi Ji** has also blessed us in one programme.

EIRC is also moving the idea of Signature Award, where EIRC will join hands with esteemed Educational Institution like IIM, Universities etc. where we will give award to their toppers.

EIRC is also planning a lot of programmes to enhance the knowledge of the members as well as the development of skills of the members.

First time EIRC came with five types of Annual Membership Scheme. Where privilege has been provided to young members to facilitate them in their updation and networking. Privilege has been given to Mega Firm and Medium and Large Corporate House with Platinum, Gold and Silver Schemes.

Students

To focus and increase the involvement of Students, First Time, I have introduced the idea of Student AMS. Student AMS will support students to groom and interact with seniors and after all to keep the students connected with EIRC. Your EIRC will focus on the grooming of students as well. Hence their visit to Company Law Board, High Court and the office of the Official Liquidator has been introduced. Apart from aforesaid, a lot of soft skills and other academic & non-academic programmes will also be organized for the said purpose. Friends, I shall try my level best to minimize the hassle for training also.

EIRC has taken new initiatives by offering new dedicated telephone lines to the members and students for their queries.

EIRC has taken new initiatives by offering new dedicated email id to bridge the gap of demand and supply regarding Members (Employer-Employee) and Students (Trainer and Trainee).

Friends, some people change when they see the light, others when they feel the heat.

Friends, I urge all of you to come with new innovative ideas, advise, guidance and constructive criticism with suggested solutions for keeping the flag of EIRC at higher position.

Hence, I request members and students to reach out to me in building a better Institution. My coordinates are provided below-

CS Sandip Kumar Kejriwal

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Proud to be Company Secretary

CS Sandip Kumar Kejriwal
Chairman, EIRC-ICSI





CS Mamta Binani, President

Ms. Mamta Binani, President, ICSI is a Commerce graduate and a Fellow Member of the Institute of Company Secretaries of India and has also done LLB. She is a meritorious student throughout her education career. She was an All India Topper in the Intermediate Examinations of The Institute of Company Secretaries of India, amongst all the Lady Candidates in India and had ranked 14th on an All India Basis. In the Final Examinations, she stood all India first in the subject 'Company Law'. She has received various medals, certificates and awards including the D.L. Majumdar's Silver Medal. She is practising as a Company Secretary for over 18 years now.

Ms. Binani is a facilitator for some very prestigious programmes conducted by the Professional Institutes of India. She is a regular and acclaimed speaker in the professional forums on subjects of academic interest including inter-personal & communication skills. She takes keen interest in delving into corporate and professional issues and is consulted on various contemporary matters by the Industry. She had been an empanelled trainer with ICICI Bank Limited, where she facilitated training in soft skills up to the chief managerial level on an All India Basis. She is associated with the financial sector, education sector and is an experienced mentor and counsellor to young professionals & students. She also serves as an Independent Director on few of the Boards.

Ms. Binani had been the Chairperson of the Eastern India Regional Council of The Institute of Company Secretaries of India in 2010. She has been the first lady to have held the position, amongst all the 3 professional Institutes, namely The Institute of Chartered Accountants of India, The Institute of Cost Accountants of India and The Institute of Company Secretaries of India, in the Eastern Region. She also holds various positions in prestigious chambers of commerce, NGO's and Professional Associations.

She has been conferred with the "Bharat Nirman Awards" in the year 2010 for "Excellence in Professional Services" and is the first Company Secretary to have received this prestigious award. She also received the "Tejaswini Award" in the year 2010. She was conferred with the 'Hello Kolkata' award for exemplary work in social sector. "Wah Zindagi" has featured a telefilm on her journey which is widely viewed in YouTube.

She writes for leading journals and magazines and contributes articles and papers in various house journals of professional institutes, on topics of varied interests. She has served as the Vice- President of the Institute of Company Secretaries of India for the year 2015.

She believes in interdependence and co-existence & owes her accomplishments to her mother-in-law and her joint family structure.



CS Shyam Agrawal, Vice President

CS (Dr.) Shyam Agrawal is the Central Council Member of the Institute of Company Secretaries of India, for the term 2015-2018 and has been elected as Vice President for the year 2016 w.e.f. 19th January, 2016. A Fellow Member of The Institute of Company Secretaries of India, he obtained his Masters of Law (LL.M.) and Ph.D (Law) on the topic "Micro, Small and Medium Enterprises- An analytical study of Law, Practice and Procedure".

He was the Chairman, Northern India Regional Council (NIRC) of the ICSI for the year 2014.

He was the Chairman, Jaipur Chapter of NIRC of The ICSI for the years 2009 & 2010.

CS (Dr.) Shyam Agrawal is the Practicing Company Secretary and is also associated with various social, economic and other organisations like: Rajasthan Tax Consultants' Association, Federation of Rajasthan Trade & Industry (FORTI), JCI International (Worldwide Federation of Young Leaders and Entrepreneurs), Institute of Directors, New Delhi, Lions Club Jaipur Professionals, etc. He was Member of Educational Advisory & other Discussion Panel of leading newspapers viz. Dainik Bhaskar, Rajasthan Patrika.

CS (Dr.) Agrawal is a regular faculty for seminars, study circle and several training programs of ICSI, a regular speaker at various Professional, Management & Educational bodies on various topics of corporate relevance especially on MSME and Entrepreneurship and participated in various Economic & Social Discussion, Workshops etc.

His dynamism is regularly reported in the Print & Electronic Media on the topics related to social, professional, environmental, economy and other issues. He Initiated a Signature Campaign on most desirable issue "Save Water, Respect Nature and Global Warming" and initiated a Campaign on "Cast Your Vote".

CS (Dr.) Agrawal has received accolades from many Social Organisations, Chambers and other Institutions for his distinguished contribution in the development of Society, Profession, Youth, Industry etc.

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OUR GUIDE FROM EASTERN REGION

Past Presidents

Late R Krishnan

Late L R Puri

Late P R Roy

Late K V Sanbhogue

Late Shyamal Sen

Shri Mahesh Shah

Late B. P. Dhanuka

Shri S. Gangopadhyay

Shri H. M. Choraria

Shri Anil Murarka

Past Vice President

CS Amit Kumar Sen

Past Council Members

Late D Ganguly

Shri Vivek Agarwal

Shri B B Chatterjee

Shri Ashok Kumar Pareek

Past Chairpersons

Late L R Puri

Shri Sanjay Kumar Gupta

Late S. Chakraborty

Shri Abhijit Mukhopadhyay

Late P.R. Neelakantan

Shri H. M. Choraria

Shri R. Krishnan

Shri Subhasish Bose

Dr. N. G. Choudhury

Shri S. K. Agrawala

Late Shyamal Sen

Dr. Sanjay K. Sarbadhikary

Shri S. R. Sengupta

Shri Anil Murarka

Late P. R. Mukhopadhyay

Shri Manoj Banthia

Late Shri S. R. Dutta

Shri B. L. Bajoria

Shri K. K. Mitra

Shri K. Sekhar

Late B. P. Dhanuka

Shri Rajesh Poddar

Late P.K. De

Shri Subrata Kr. Ray

Shri Mukul Das

Shri Mukesh Chaturvedi

Shri Amit Kr. Sen

Shri Ashok Pareek

Shri S. Saha

Mrs. Mamta Binani

Shri S. Gangopadhyay

Shri Anjan Kumar Roy

Shri Vinod Kr. Kothari

Shri Ranjeet Kr. Kanodia

Shri Amit Halder

Shri Deepak Kumar Khaitan

Shri Vivek Agarwal

Shri Arun Kumar Khandelia

Shri S. M. Gupta

Mrs. Sunita Mohanty

Shri S. N. Sarbadhikari

105th Management Skills Orientation Programme



(L to R) CS Ashok Purohit, Treasurer, ICSI-EIRC, CS Siddhartha Murarka, Vice Chairman, ICSI-EIRC; CS Sandeep Lakhota, Group Head & Company Secretary, Srei Infrastructure Finance Limited; CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; Shri B Mohanty, Registrar of Companies (W.B.); & CS Gautam Dugar, Secretary, ICSI-EIRC at the Inaugural Session of 105th MSOP.



Students of 105th MSOP Batch with CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC (in the middle) during the visit to CLB



Students of 105th MSOP Batch during the visit to the office of OL.

Republic Day Celebrations on 26.01.2016



EIRC Members with dignitaries after the Flag hoisting ceremony in august presence of CS Mamta Binani, President, ICSI; Shri N K Bhola, Regional Director (ER & NER), Ministry of Corporate Affairs, Govt. of India

Full Day Seminar on “SEBI LODR, 2015 and Secretarial Standards & Guidance Notes” on 30.1.2016



(L to R) CS B L Sharma, Member; CS K Ananda Rao, Member; CS Vinod Kothari, Practising Company Secretary and Past Chairman, ICSI-EIRC; CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; CS Gautam Dugar, Secretary, ICSI-EIRC; CS Santosh Kumar Agrawala, Council Member, ICSI; CS Siddhartha Murarka, Vice-Chairman, ICSI-EIRC and CS Anjan Kumar Roy, Practising Company Secretary and Past Chairman, ICSI-EIRC at the Inaugural Session of Full Day Seminar at Hotel Taj Bengal.



CS R Kalidas, Vice President and Company Secretary, Reliance Power Limited addressing



CS Vinod Kothari, Practising Company Secretary and Past Chairman, ICSI-EIRC addressing

Study Circle Meeting on ‘Incorporation of Companies under new consolidated form INC 29 v/s Old forms’ on 6.2.2016



Extreme Right: Shri Chandan Kumar, Deputy Registrar of Companies addressing; Others sitting on dais (R to L): CS Gautam Dugar, Secretary, ICSI-EIRC; CS Mohan Ram Goenka, Practising Company Secretary; CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC and CS Siddhartha Murarka, Vice Chairman, ICSI-EIRC

Free Medical Health Checkup Camp on 7.2.2016



Members and students at Medical health check-up camp organised at ICSI-EIRC House.

Swachh Bharat Abhiyan on 7.2.2016



CS Sandip Kr. Kejriwal, Chairman, ICSI-EIRC and CS Gutam Dugar, Secretary, ICSI-EIRC with Members and Official at the Swachhta Abhiyan

Saraswati Puja Celebrations on 13.2.2016



Saraswati puja celebrations at ICSI-EIRC

Interactive Session of Members of ICSI with Dr Madhukar Gupta, IAS, Additional Secretary, Department of Public Enterprises, Govt. of India on 15.2.2016



(R to L) Dr Madhukar Gupta, IAS, Additional Secretary, Department of Public Enterprises, Govt of India interacting with delegates. Others sitting on dais - CS Gautam Dugar, Secretary, ICSI-EIRC; CS Mahesh Shah, Past President, ICSI; CS Santosh Kumar Agrawala, Council Member, ICSI; CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC and CS Siddhartha Murarka, Vice Chairman, ICSI-EIRC



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC felicitating Dr Madhukar Gupta, IAS, Additional Secretary, Department of Public Enterprises, Govt of India

Discussion on Inclusive and Participatory Growth – A CSR Approach (Joint programme with BCC&I) on 18.2.2016



(L to R) Adv. Dip Narayan Mitra, Chairman, Legal Committee, BCCI; CS Gautam Dugar, Secretary, ICSI-EIRC; CS Siddhartha Murarka, Vice Chairman, ICSI-EIRC; CA Sandip Pitty, Practising Chartered Accountant and CS Paritosh Sinha at the Discussion on Inclusive and Participatory Growth – A CSR Approach

Press Conference on 22.2.2016



CS Mamta Binani, President, ICSI and CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC at the Press Conference at Hotel Oberoi Grand, Kolkata

ICC Financial Inclusion Summit 2016 on 20.2.2016



Release of Report on CSR by dignitaries at the Inaugural Session of ICC Financial Inclusion Summit 2016 by Sandip Kumar Kejriwal, Chairman, ICSI-EIRC & Others.



Mr. Atanu Sen, Chairman – ICC National Expert Committee on Banking & Finance felicitating Special Guest, CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC

President's Meeting with Regional Council member and Chapter Chairman and officials on 22.2.2016 & 23.2.2016



CS Manta Binani, President, ICSI with CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC and CS Santosh Kumar Agrawala, Council Member, ICSI in meeting with Members of Eastern India Regional Council and Chapter Chairpersons under EIRC.



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC (in the middle) in meeting with Regional Council Members and Chapter Chairmen on 23.2.2016

Education Summit on the theme "Restructuring Education to Generate Employment & Higher Economic Growth" on 24.2.2016



His Excellency, Shri Keshri Nath Tripathi, Governor of West Bengal addressing the delegates at Educational Summit at The Park Hotel, Kolkata. Sitting on the dias Sandip Kumar Kejriwal, Chairman, ICSI-EIRC & Others



CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC addressing the Educational Summit at The Park, Kolkata

Budget Analysis – Kya Khoya Kya Paya on 3.3.2016



(L to R): CS Anjan Kumar Roy, Past Chairman, EIRC of ICSI; CS Sandip Kumar Kejriwal, Chairman, EIRC of ICSI; CS T B Chatterjee, Senior Executive VP (Corporate Affairs and Legal) and Company Secretary, DIC India Limited; Shri Narayan Jain, renowned Tax Consultant and CS Ashok Purohit, Treasurer, EIRC of ICSI at the Budget Analysis programme at ICSI-EIRC House



Cross section of delegates at the Budget Analysis programme

ICSI-BSE Joint Full Day Seminar on “SEBI LODR Regulation, 2015” on 5.3.2016



CS Vinod Kothari (Practising Company Secretary), Past Chairman, ICSI-EIRC addressing



CS Taposh Roy, Vice President and Company Secretary, Vesuvius Industries Limited addressing



Shri Ashok Singh of The Bombay Stock Exchange Limited addressing



CS Pawan Marda, Assistant Vice President and Company Secretary, Linde India Limited addressing



CA Vivek Dhanania, service tax consultant addressing



CS S K Agrawala, Programme Director, Council Member, ICSI addressing; others sitting on dais (L to R) CS Siddhartha Murarka, Vice Chairman, ICSI-EIRC; CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC; Shri Hitesh Desai, Deputy General Manager, Listing Compliance, Bombay Stock Exchange Ltd; CS Taposh Roy, Vice President and Company Secretary, Vesuvius Industries Ltd and Shri Ashok Singh of The Bombay Stock Exchange Ltd.

Mock Board Meeting – Specially for Students on 5.3.2016



CS Anjan Kumar Roy, Practising Company Secretary and Past Chairman, ICSI-EIRC at the Mock Board Meeting for the students organised at EIRO.

Half Day Workshop on 'Issuance of Securities by Unlisted Companies and Internal Financial Control System' on 12.3.2016



(Extreme Right) CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC addressing. (others sitting on dais (L to R): CS Siddhartha Murarka, Vice-Chairman, ICSI-EIRC; CS Vivek Agarwal, Practising Chartered Accountant; CS Sumit Binani, Treasurer, EIRC of ICAI; CS Ravi Verma, Company Secretary, Texmaco Rail & Engineering Limited and CS Gautam Dugar, Secretary, ICSI-EIRC at the half day workshop on 'Issuance of Securities by Unlisted Companies and Internal Financial Control System' at ICSI-EIRC House.

Half Day Workshop on “The Companies (Amendment) Bill, 2016” on 30.3.2016



(R to L): CS Sandip Kr. Kejriwal, Chairman, ICSI-EIRC addressing; others sitting on dais: CS Gautam Dugar, Secretary, ICSI-EIRC; CS Vinod Kothari, Practising Company Secretary and Past Chairman, ICSI-EIRC; CS Siddhartha Murarka, Vice Chairman, ICSI-EIRC and CS Ashok Purohit, Treasurer, ICSI-EIRC

Holi Meet on 30.3.2016



Holi Meet organised at ICSI-EIRC House on 30.3.2016

PROGRAMMES ORGANISED BY EIRC FROM 19.01.2016 TO 31.03.2016

Date	Programme
26.01.2016	Republic Day Celebrations
30.01.2016	Full Day Seminar on “SEBI LODR, 2015 and Secretarial Standards & Guidance Notes”
06.02.2016	Study Circle Meeting on ‘Incorporation of Companies under new consolidated form INC 29 v/s Old forms’
07.02.2016	Swachh Bharat Abhiyan and Free Medical Health Checkup Camp
13.02.2016	Saraswati Puja Celebrations
15.02.2016	Interactive Session of Members of ICSI with Dr Madhukar Gupta, IAS, Additional Secretary, Department of Public Enterprises, Govt. of India
18.02.2016	Discussion on Inclusive and Participatory Growth – A CSR Approach (Joint programme with BCC&I)
20.02.2016	Financial Inclusion Summit 2016 – Inclusion Through Technology (joint programme with ICC)
22.02.2016	President’s Meet with Chapter Chairman and Regional Council Members
23.02.2016	Meeting of CS Sandip Kumar Kejriwal, Chairman, EIRC with Chapter Chairman
24.02.2016	Education Summit on the theme “Restructuring Education to Generate Employment & Higher Economic Growth” (Joint Programme with MCC)
28.02.2016	Picnic (with members and students)
03.03.2016	Budget Analysis – Kya Khoya Kya Paya
04.03.2016 to 22.03.2016	105th MSOP Batch
05.03.2016	ICSI-BSE joint Full Day Seminar on “SEBI LODR Regulation, 2015”
05.03.2016	Mock Board Meeting – Specially for Students
08.03.2016	Joint Programme of ICSI with ICAI & ICoAI – Role of Professionals to Promote Gender Parity
12.03.2016	Half Day Workshop on ‘Issuance of Securities by Unlisted Companies and Internal Financial Control System’
14.03.2016 to 15.03.2016	4th Batch of PIP
16.03.2016 to 18.03.2016	2nd Batch of PEGP
30.03.2016	Half Day Workshop on ‘The Companies Amendment Bill, 2016’
30.03.2016	Induction Programme for Newly Registered Students
30.03.2016	Holi Meet

Apart from these, 2 Investor Awareness Programmes and 24 Career Awareness Programmes were organized during this period.

AMS 2016 of EIRC of ICSI

We are thankful to our Platinum Members of AMS
for their support

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2. Srei Infrastructure Finance Limited



NBFC – Factors (Reserve Bank) Directions, 2012

Dheeraj Kumar Sharma

Deputy Manager, Vinod Kothari & Co.
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The Reserve Bank of India, with a view to regulate the factoring business in India being carried on by banks and NBFCs floated out these directions on July 23, 2012. The foremost endeavor was to regulate factors and assignment of receivables in favour of factors and further to determine the rights and obligations of parties to assignment of receivables.

In the past 3 years, the following prudential norms had been the guiding provisions for the NBFC-Factors –

- Non-Banking Financial (Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007; or
- Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

The above cited prudential norms were applicable to NBFC-Factor in the similar manner as were applicable to loan companies.

NBFC – Factors (Reserve Bank) Directions, 2012 – Review

The Reserve Bank of India reviewed the above said guidelines on provision of factoring services by banks recently and came up with additional conditions for banks willing to undertake factoring activities. It was widely observed that there prevailed differential methodology in the factoring activities carried on by the banks and the NBFC-Factors, which are herewith this review notification being arbitrated. The compliances have been notified for the NBFC-Factors to ensure that there exist no regulatory gaps creating regulatory differences.

Amendments

RBI has notified vide this notification the following amendments to the above cited Directions –

1. Prudential Norms – Identification as Non-Performing Assets (NPA)

Replacing the Prudential Norms Directions of 2007 as stated above in first Para; RBI has clarified that the following additional prudential norms shall be adhered to for identifying the NPA(s), irrespective of the time when the receivable was acquired by the NBFC and whether or not such factoring was on “with recourse” or “without recourse” basis –

- Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015; or
- Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;

2. Exposure Norms-Single and Group Borrower Limits

The further clarification amounted to setting up of the ceiling limit for the factoring services offered by the NBFC-Factors. Accordingly they should now be regulated under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015; or Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

These guidelines shall be applicable from case to case to basis as per se their applicability, irrespective of credit risk cover / protection provided (except in cases of international factoring where the entire credit risk has been assumed by the import factor).

The exposure shall be reckoned as under:

- In case of factoring on “with-recourse” basis, the exposure would be reckoned on the assignor.
- In case of factoring on “without-recourse” basis, the exposure would be reckoned on the debtor.

3. Risk Management

It has been widely acknowledged that the factoring activities involve a humongous risk factor. The operations have to be analyzed very strictly and carefully before accepting of any receivables. The entity carrying out the factoring activities is supposed to have a well functional and efficient model of risk management for managing the operations of such entities.

RBI has thus made it mandatory herewith this Review Notification for having a sound and operational Risk Management system before even starting the business of factoring. The guidelines issued in this regard are as under –

- NBFC-Factors should carry out a thorough credit appraisal of the debtors before entering into any factoring arrangement or prior to establishing lines of credit with the export factor.
- Factoring services should be extended in respect of invoices which represent genuine trade transactions.
- Since under without recourse factoring transactions, the factor is underwriting the credit risk on the debtor, there should be a clearly laid down board-approved limit for all such underwriting commitments.

4. Exchange of Information

Information plays a crucial role in identification of NPA(s) and also helps to analyse the amount of risk associated with a particular debtor. Therefore to facilitate easy and smooth database management of

borrowers, RBI has clarified that the assignor shall be deemed to be the borrower for the purpose of exchange of information. The banks and NBFC-Factors shall share the information mutually with respect to common borrowers to enable the lender bank/NBFC to decide the limit of funds to be sanctioned to such borrowers and also avoid double financing.

Conclusion

The review of the NBFC-Factors (Reserve Bank) Directions, 2012 by RBI comes at a time when our country is witnessing high fund flows across the national boundaries due to a great turnaround in the entrepreneurial population which have extended their innovative ideas into start-up business models. These start-ups have been largely availing funding from

financial institutions giving a tremendous boost to the scope for the factoring activities. The factoring services which have been vastly increasing at the global frontiers, has been slow to take up a heist in India. With the view to promote such growth and have a systematic risk management to counter the proposed growth through these high volume and volatile cash flows, RBI has taken this early and prudent step in reviewing the Directions to do away with the differences existing in the regulatory provisions of factoring for the NBFC-Factors and banks. The target to have synchronized and common regulatory provisions for the factoring activities is a far sighted step by the Central Bank. For now the step is praiseworthy, but in the long run the future shall unfold whether or not the benchmarked target is achieved through such revision.



Company Secretaries Benevolent Fund (CSBF)

Please come forward and Join CSBF – Safeguarding and caring for your well being

A New Initiative of ICSI-EIRC: Donation of Rs 10/- per member in CSBF corpus by EIRC & Voluntary Contribution by CS Sandip Kumar Kejriwal, Chairman, ICSI-EIRC



CS Sandip Kumar Kejriwal, Chairman, presenting cheques for CSBF account to CS Mamta Binani, President, ICSI.

The illiterate of the 21st Century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn. The CS profession today is going through one such transition.

– CS Rajesh Poddar, Past Chairman, ICSI-EIRC

Disclaimer

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Case Studies

Rajesh Poddar

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

1. Non-payment of unpaid dividend by a company is a continuous offence committed by company of which limitation cannot be bar.

[Turner Morrison & Co. Ltd v. 'Hungerford' Investment Trust]

The appellant contended that claim on account of the dividend for the financial year 1963 to 1966 amounting to Rs. 12.60 lakhs was time barred and not supported by any cogent reason. It also pointed out that limitation period for payment of dividend is three years under Article 113 of the Limitation Act.

Held that, non-payment of dividend was a continuous offence so long the payment is not made. Therefore, there is no question of limitation.

2. Even if a number of persons are accused of offences under a special enactment such as Companies Act and as also Indian Penal Code (IPC) in respect of same transaction or facts and even if some could not be tried under special enactment, it is Special Court alone which would have jurisdiction to try all offences based on same transaction to avoid multiplicity of proceedings.

[S. Satyanarayana v. Energo Masch Power Engineering & Consulting (P.) Ltd]

The Special Court is empowered to try the offences under the Companies Act alongwith other Acts by virtue of a notification issued by the erstwhile Government of Andhra Pradesh in 1981 which empowers Special Courts to try offences under specified enactments such as Companies Act, Income-tax Act, Wealth-tax Act etc.

Held that, in the present case all the accused are liable to be tried by the Special Court in respect of the offences under the IPC as well as the Companies Act as alleged in the complaint.

3. Vacation of office by managing director, who was appointed before 1st April, 2014 on attaining the age of 70 years during the tenure of appointment which falls after 1st April, 2014. [Sridhar Sundararajan v. Ultramarine & Pigments Ltd.]

Prior to commencement of the Companies Act, 2013, appointment of managing director after the age of 70 years was permissible subject to approval by way of special resolution. But after the Companies Act, 2013 came into force, this was added as disqualification for further continuation of a person after he attained the age of 70 years. The intention of the statute was to change the earlier position by providing that the person who has been appointed as Managing Director before he was 70 years old is prohibited from continuing as Managing Director once he has attained the age of 70 subject to conditions.

In other words, if appointment to the post of Managing Director is made after coming into force of the Amendment Act, 2013 on 1st April, 2014,

a person who is above the age of 70 years cannot be appointed on account of disqualification, subject to fulfillment of the proviso. On the other hand, if he was already appointed prior to 1st April, 2014 when he was below the age of 70 years, then on account of operation of statute, disqualification, whenever incurred after the commencement of Companies Act, 2013, would operate automatically, subject to proviso i.e. special resolution being passed by the Company.

4. Merely being a director does not amount to holding a place of profit or being in employment. [Jagran Prakashan Ltd. & other v. Union of India]

In the instant case petitioner was relative of a director and his appointment attracted the provisions of Director's Relatives (Office or Place of Profit) Rules, 2011 which requires approval of Central Government. Such approval sought from the Central Government was denied on the ground that the petitioner was also director in three other companies and therefore not in exclusive employment of the company.

Held that, denial of approval of appointment of petitioner is erroneous since the petitioner was a mere director in non-remunerative and non-executive capacity which does not tantamount to be holding any office or place of profit or in employment.

5. CLB has inherent power to make such orders as may be necessary for the ends of justice or to prevent abuse of the process of the Bench. [Anil Kumar Poddar v. Bonanza Industries Ltd.]

The CLB, inter alia, observed that the applicant is in the habit of making applications to companies demanding inspection of various documents. It is a matter of common knowledge that presently all the statutory records of any company are available on the MCA portal. It is open for inspection to all concerns. The certified copies can be obtained from the department of ROC concerned. Yet, the applicant keeps on filing such frivolous and malafide applications and it is therefore, apparent that he is not a bonafide applicant. With the aforesaid observations the application was dismissed being devoid of merits.

6. Extraordinary general meeting appointing petitioner as chairman and managing director of company was invalid as notices for the same were not issued to all shareholders. [K. V. Ravindranath Babu V. K. Venkataswamy & Co. (P) Ltd.]

The petitioners admitted the fact that no notices were issued to any shareholders and they were invited orally.

Held that, the holding of the extraordinary meeting was invalid and illegal on the ground that the petitioners have not issued notices for

convening the meeting to all the shareholders of the company except informing orally to the shareholders who supported the petitioners' cause.

7. **Gift received by appellant from his father who is NRI out of latter's personal funds through normal banking channels is outside purview of FCRA, 1976/ FCRA, 2010 as same cannot be said to be received from a 'foreign source'.** [Arvind Khanna v. Central Bureau of Investigation]

Held that the amount in question has been received by the petitioner from his father, who is an Indian passport holder. The foreign entities through whom such funds were sent were holding the same on behalf of his father.

As per the definition of 'foreign source' in section 2(1)(e) of FCRA, 1976, only citizens of a foreign country or territory come under the category. Therefore, being an Indian, no foreign contributions regulatory legislation would apply on father of the petitioner. Thus, the provisions of FCRA, 1976 or FCRA, 2010 would be outside the realm as the transaction being between an Indian father and Indian son.

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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 have 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.



Basics of the Start-up world

Pankaj Dhanuka

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We have various definitions for a startup, each much more enticing than the previous. Startup is the phoenix stone of the new business world, the stepping stone of creation. Who qualify to be called as a Startup:

- An entity, incorporated or registered in India for not more than five years
- With an annual turnover not exceeding INR 250 million in any preceding financial year
- Working towards
 - o Innovation
 - o Development
 - o Deployment
 - o Commercialization of new or significantly improved products, processes or services driven by technology or intellectual property that will create or add value for customers or workflow

An entity formed by splitting up or reconstruction of an existing business is excluded from the definition of "startup"

Additionally, to be considered as a "startup", such an entity should:

- be supported by a recommendation with regard to innovative nature of business from a Government recognized/funded incubator; or
- be funded by the Government or an Incubation Fund/ Angel Fund/ PE Fund/ Accelerator/ Angel Network registered with SEBI; or
- have a patent in connection with its business

Startup India Scheme launched by the government has put forward a few of these plans of actions to help the startups. Some notable points among them are:

1. Compliance Regime based on Self-certification

2. Relaxed Norms
3. Faster Exit norms
4. Credit Guarantee Fund for Startups
5. Tax Exemption
6. INR 10,000 crore Fund of Funds for funding support

A few facts to be noted are:

- India ranks 3rd globally having more than 4,200 startups
- USD 9 billion, out of the USD 18 billion pumped into Indian startups (for the period 2010-2015), came in 2015 alone.
- 9 of the Indian startups have been valued at more than a billion dollars
- Increase in number of incubators: 80 in 2014, 110 in 2015; 50% outside Delhi, Bengaluru, Mumbai

The role of a Company Secretary is very important in a startup. The startups need to comply by the regulations set forth by Companies Act 2013. All the compliances have to meet complete due diligence, falling short of which the startups will face sound music from the government. Companies Act 2013 is quite complex and filled with jargons that are ever evolving and the founders need to be updated with each of them so that they don't fall short of any compliances. Here, the Company Secretary plays a major role in defining the baselines for the startup and adhering to the policies along with proper filing and due diligence required from the company's end.

In the past few years a no of start-ups have come up in India and have been funded by PE / VC , Angel investors , etc. these investors are looking at good corporate governance , good book keeping , and good compliance. we professional can play a meaningful role in this new business world.



First Quarter Compliance Checklist

Mohan Ram Goenka
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HIGHLIGHTED NOTE

SEBI SAT 30(1) & (2)	Within 7 Working Days
LODR 27(2)	15 Days – CG
LODR 31(1)	21 Days – Shareholding Pattern
LODR 13	21 Days – Grievance Redressal
LODR 40(9)/ (10)	30 Days – Cert. From PCS – Old 47C
LODR 7(3)	Within 30 Days – Compliance Certificate
REG 55A OF SEBI(D&P) REG	30 Days – Reconciliation Sec Audit
LODR	33-BM – 60 Days
LISTING FEES	30 Days – DP/SS

SEBI Takeover Regulations, 2011

By whom	Triggering Event	Applicable Regulation	To whom	Time Period
Acquirer with PAC holding 25% or more shares or voting rights disclosure of shareholding as on 31st March	-	30 (1)	Target Company & Stock Exchange	Within 7 Working Days from the financial year ending 31st March
Promoter with PAC disclosure of shareholding as on 31st March	-	30 (2)	Target Company & Stock Exchange	Within 7 Working Days from the financial year ending 31st March

SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 Chapter III (Common Obligations)

S. No.	Regulation No.	Particulars of Regulation	Compliance Requirement	Time period of submission	Period
1.	7(3)	Submission of a Compliance Certificate to the Exchange	Submission of Compliance Certificate to Stock Exchange certifying that all activities in relation to both physical and electronic share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board.	Within 1 month of end of each half of the year	Half Yearly
2.	7(5)	Appointment/ Alteration of Share Transfer Agent	Company can manage in house Share Transfer Facility. But as and When The Total Number of Holders of Securities of The Listed Entity Exceeds 1 Lac, the listed entity shall appoint Share Transfer Agent.	Intimate to the Stock Exchange such appointment or alteration within 7 days on entering into agreement	Event Based
3.	13	Grievance Redressal Mechanism	The listed entity shall file with the recognized stock exchange(s) & a statement giving <ul style="list-style-type: none"> • The number of investor complaints pending at the beginning of the quarter, • Those received during the quarter, • Disposed of during the quarter and • Those remaining unresolved at the end of the quarter. 	Within 21 days of the end of the each quarter. Same statement shall be placed before the Board of Director quarterly.	New Certificate Quarterly Based

Chapter IV (For Equity Listing)

S. No.	Regulation No.	Particulars of Regulation	Compliance Requirement	Time period of submission
1.	27(2) Old Clause 49	Quarterly Compliance Report on Corporate Governance	<ul style="list-style-type: none"> The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by the Board. Details of all material transactions with related parties shall be disclosed. Report shall be sign Either by Compliance officer or Chief Executive officer 	Within 15 days from the closure of quarter.
2.	Proviso to 29(2)	Prior Intimation to SE about Board Meeting	Intimation about the Meeting in which Financial Results viz. quarterly, half yearly, or annual, as the case may be due for consideration.	At least 5 (Five) days in advance excluding the date of intimation & date of board meeting.
3.	30(6) Second Proviso	Outcome of Board Meeting	Disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III	Made within 30 Minutes (thirty minutes) of the conclusion of the board meeting
4.	30(6)	Disclosure of events or information	The listed entity shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information	As soon as reasonably possible and not later than 24 hours from the occurrence of event or information
5.	31(1) Old Clause 35	Holding of securities & Shareholding Pattern separately for each class of Securities.	listed entities which have listed their specified securities on SME Exchange, submit Statement of Share Holding	1 day prior to listing of its securities Within 21 days from the end of each quarter Within 10days of Capital restructuring.
6.	32(1)	Statement indicating deviation(s) or Variation(s)	Statement indicating deviation in use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting (of public issue, rights issue, preferential issue).	quarterly basis to the stock exchange till such time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been Achieved.
7.	33(3) (a)	Quarterly Financial Result	The listed entity shall submit quarterly and year to date standalone financial results to the stock exchange	within 45 days of end of each quarter, other than the last quarter
8.	33(3) (d) & (e)	Annual Financial Result	The listed entity shall submit audited standalone financial results for the financial year.	within 60 days from the end of the financial year
9.	33(3) (f)	Half Yearly Financial Result	submit as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities	Half yearly submission.
10.	40(9)/ (10)	Certificate from PCS	Certifying that all certificates have been issued within thirty days of the date of lodgment for transfer, subdivision, consolidation, renewal, exchange or endorsement of calls/allotment monies.	Within 1 month of the end of each Half financial year.

SEBI Prohibition of Insider Trading Regulation

S. No.	Regulation Reference	Compliance Requirement	Period Covered	Last date of filing
1.	Reg. 7 (3)	Every listed company may, at its discretion require any other connected persons or class of connected persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by the Company in order to monitor compliance with these regulations	Continual Disclosure	As may be determined by the Company

The Companies Act, 2013

Sl. No.		Section	Forms	Particulars of Compliances
1.	Receipt of MBP-1	184(1)	Form MBP- 1	Every Director of the Company in First Meeting of the Board of Director in each Financial Year will disclose his interest in other entities.
2.	Receipt of DIR- 8	164(2), 143(3) (g)	Form DIR – 8	Every Director of the Company in each Financial Year will file with the Company disclosure of non-disqualification.
3.	E-form Filing Requirement	179(3)	MGT-14	Adoption of Financials and Director Report: Company will file MGT-14 along with copy of Board Resolution within 30 days of Board Meeting.
4.		179(3)	MGT-14	Appointment of Secretarial Auditor Company will file MGT-14 along with copy of Board Resolution within 30 days of Board Meeting.
5.		148(3)	CRA- 2	Appointment of Cost Auditor Company will file copy of Board Resolution within 30 days of Board Meeting or within 180 days of the commencement of Financial year whichever is earlier.
6.	Directors' Report	134		Directors' report will be prepared by mention of all the information required for Listed company under Section 134. It should be signed by the "Chairperson" authorized by the Board, Where he is not so authorized by at least 2 Directors; one of them should be Managing Director if any.
7.	Appointment of Auditor	139	E Form ADT-1	Auditor will be appointed for the 5 (Five) year and form ADT-1 will be filed for 5-years appointment.
8.	Secretarial Audit	204	E- Form MGT-14	All the Listed Companies are required to appoint Company Secretary as Secretarial Audit and file e-form MGT-14 within 30 days of appointment.
9.	Internal Auditor	138	E-Form MGT-14	Company are required to appoint internal auditor and required to file e-form within 30 days of appointment.
10.	E- Forms Filing Requirements	Rule- 16 Chap. V	DPT- 3	Company if accept deposit during the year then required to return of deposit within 30 days of end of financial year.



EIRC of ICSI Under the able Leadership of Sri Sandeep Kejriwal Present Chairman is doing Good Works to built up Competencies and to Enhance the Professional Skills of the Members and Student Fraternity. He is also working towards Enhancing the Visibility of the Profession.

I Wish him and the entire Team of EIRC, all the best in their Future Endeavor

- CS H M Choraria, Past President, ICSI

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

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.

Bhubaneswar Chapter

01.01.2016	Celebration of Udai Diwas
05.01.2016	Celebration of 4th ICSI Corporate Governance Week on the topic "E-voting"
08.01.2016	Mega Programme on Celebration of 4th ICSI Corporate Governance Week on the topic "More governance, less government"
26.01.2016	Celebration of Republic Day
10.02.2016	Talk on "Good Governance & Non Violence of Gandhian Philosophy"
12.02.2016	Celebration of Basant Panchami
Feb 13-17, 2016	5 days skill development
17.02.2016	Opening of "ICSI Study Centre"
29.02.2016	Live telecast of Union Budget – 2016 thru Chapter TV for members & students
17 Career Awareness Programmes and 3 Investor Awareness Programmes were organised during this period.	

Dhanbad Chapter

26.01.2016	Republic Day Celebration
31.01.2016	10th Annual Seminar on "Risk Management & Compliances, Compliances under SEBI (LODR) Regulations, 2015 and Guidance Note on Secretarial Standards"
13.02.2016	Saraswati Puja
13.02.2016	Study Circle Meeting on "Appointment & Qualification of Directors"

Hooghly Chapter

10.01.2016	2nd Annual Members' Conference on "Applicability of The Companies Act, 2013 to Private Companies"; Compliances under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015" & "Companies (Accounts) Rules and Implication of Indian Accounting Standard in Company Accounts"
26.01.2015	Republic Day Celebration
31.01.2016	Half Day Workshop on "Compliances of Listed Companies & Recent Changes"
07.02.2016	Half Day Workshop on "Appearance & Practical Aspects Relating to National Company Law Tribunal (NCLT)" & "Constitution, Power & Function of National Company Law Tribunal"
13.02.2016	Sarswati Puja Celebration
21.02.2016	Full-Day Workshop on "The Companies Law Committee Report and Proposed Changes in The Companies Act 2013" & "Secretarial Audit & Applicability of Other Laws During the Course of Audit"
28.02.2016	Half Day Workshop on "Accounting Treatment of Depreciation under The Companies Act, 2013" & "Law & Practice of Micro Finance"
2 Investor Awareness Programmes were organised during this period	

Jamshedpur Chapter

16.01.2016	Study Circle Meeting, Topic: Companies Act, 2013 – Chapter XV.
2 Career Awareness Programmes were organised during this period	

North Eastern (Guwahati) Chapter

26.01.2016	Republic Day Celebration & Programme on Swachh Bharat Mission
30.01.2016	Study Circle Meeting
13.02.2016	Saraswati Puja
18.02.2016	Half day workshop cum PDP
19.02.2016	Half day workshop cum PDP
20.02.2016	Half day workshop cum PDP
26.02.2016	Inauguration of ICSI Study Center
18 Career Awareness Programmes and 1 Investor Awareness Programme were organised during this period	

Patna Chapter

18.02.2016	Professional Development Programme
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Ranchi Chapter

04.01.2016 to 08.01.2016	5-days Entrepreneurship Development Programme
08.01.2016	Academic discussion -Observation of ICSI 4th Corporate Governance week
6 Career Awareness Programmes were organised during this period	



Steps to be followed for taking Loan from Members by Private Companies pursuant to Exemption Notification under the Companies Act, 2013

Sumit Binani

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Applicability:

Applicable in case of loans from members by private limited companies with effect from 5th June, 2015. The procedure contained in this document only pertains to unsecured deposits proposed to be accepted by a private limited company from its members.

Impact of the Exemption Notification:

Relaxation in conditions for Acceptance of Deposits from Members

Relaxation	Impact
Provisions of Sec 73(2) (a) to (e) shall not apply to a private company which accepts from its members monies not exceeding 100% of aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified	<p>Till now, a private company (non-nbfc) was permitted to accept or renew deposits from its members subject to a limit of 25% of its aggregate of paid up capital & free reserves and also subject to compliance of stringent conditions laid down under the provisions of S 73(2).</p> <p>Henceforth, a private company (non-nbfc) is permitted to accept monies (whether secured or unsecured) from its members up to a maximum of 100% of aggregate of its paid up capital and free reserves (which does not include securities premium). This is however, subject to the condition of intimation of details to ROC in prescribed manner.</p> <p>Comments:</p> <p>a. acceptance of monies by a private company from its members (non company) is not excluded from the definition of deposits.</p> <p>b. there is no mandatory minimum interest clause on such monies accepted. However, it has been clearly mandated by the aforesaid notification that the private companies, while complying with such exemptions provided shall ensure that the interests of their shareholders are protected.</p> <p>c. other prescribed conditions and procedures laid down in Chapter V Rules relating to Acceptance of Deposits is applicable.</p> <p>d. manner and mode of filing of the details of aforesaid loan from members is yet to be prescribed by MCA</p> <p>e. relevant modifications in the Chapter V Rules is awaited as a consequence of this amendment.</p>

Procedures to be followed for taking Loan from Members (Company):

In terms of Rule 2(1)(c)(vi) of the Chapter V Rules, any amount received by a company from any other company is excluded from the definition of deposits. Therefore, loans taken by a company from any other company, even if such other company is its member, will not be treated as deposits.

Hence the provisions and procedures required to be followed for accepting deposits in Chapter V under the Companies Act, 2013 will not be applicable in such cases.

Procedures to be followed for taking Loan from Members (Directors):

In terms of Rule 2(1)(c)(viii) of the Chapter V Rules, any amount received by a company from a person who, at the time of the receipt of the amount, was a director of the company is excluded from the definition of deposits. Therefore, loans taken by a company from its director(s), out of his/their owned funds, even if such director(s) is its member, will not be treated as deposits. Hence the provisions and procedures required to be followed for accepting deposits in Chapter V under the Companies Act, 2013 will not be applicable in such cases.

Procedures to be followed for taking Loan from Members (Other than Company & Directors):

Step	Particulars
1	Convene a Board Meeting for Calling a General Meeting to approve by a resolution, acceptance of Loan (Deposits) from Members, up to 100% of the aggregate of paid up capital and free reserves of the company.
2	Convene a General Meeting for seeking approval of members by a resolution, acceptance of Loan (Deposits) from Members, up to 100% of the aggregate of paid up capital and free reserves of the company.
3	Convene a Board Meeting: a. to seek approval of the Board to borrow money under S 179(3) (d). b. to authorise one or more directors to carry out all related compliance under the Act and such other things as may be necessary including furnishing to deposit receipts to the depositor and for making entries in the register of deposits. (The above resolutions, may also be taken at the initial board meeting)
4	File Special Resolution with Registrar through Form MGT-14 within 30 days of the General Meeting.
5	Member depositing money to submit money along with a deposit application form as specified by the company. (No form is prescribed under the Act). The deposit application form to contain a declaration by the intending member/depositor that the deposit is not being made out of any money borrowed by him from any other person. (The provisions do not exclude relatives)
6	Company to furnish a deposit receipt to the depositor in prescribed manner as per Rule 12(2) of Chapter V Rules within 21 days from the date of receipt of money or realization date of the cheque.

7	Company to maintain at its registered office, a separate register for deposits accepted in prescribed manner as per Rule 14 of Chapter V Rules and enter prescribed particulars within 7 days from the date of issuance of deposit receipt. Entries in the Register to be authenticated by a director or secretary or any other officer authorised by the Board for this purpose.
8	Company to file the details of monies so accepted to the Registrar in such manner as may be specified.
9	Company to file Return of Deposits in Form DPT-3 with Registrar on or before 30th June every year including the financial year in which the deposits are repaid.

Important Points:

- A. No company is permitted to accept/renew any demand deposits.
- B. Minimum period of deposits should be 6 months and maximum shall not exceed 36 months after which it shall have to be renewed.
- C. A company, for meeting its urgent need of funds may accept deposits that are repayable not earlier than 3 months provided that the quantum of such deposits shall not be more than 10% of the aggregate of paid up capital and free reserves of the company concerned.
- D. Loan from members taken under the Companies Act, 1956 and not due for repayment should not be included in the limits prescribed by the exemption notification, in my opinion. Such loans were exempted deposits and continue to be so till they come up for renewal.
- E. In terms of the Companies Act, 2013, a private company cannot accept deposits from any other person other than its members. The process and quantum for acceptance of the same is relaxed by the exemption notification dated 5th June, 2015 and the same is described above.
- F. Every depositor may, at any time, nominate any person to whom his deposits shall vest in the event of his death (refer Rule 11 of the Chapter V Rules).
- G. Company not to invite or accept or renew any deposit in any form, carrying a rate of interest, exceeding the maximum prescribed by RBI for acceptance of deposits by NBFCs. The said rate prescribed as on date is 12% p.a. In other words, the maximum interest to be paid by a company for accepting deposits shall not exceed 12% p.a. No minimum rate is prescribed. However, the exemption notification makes it clear that the company should ensure that the interest of its shareholders is protected.
- H. The aforesaid procedure is for acceptance of unsecured loan/deposits by a private company from its members. In case of secured loan/deposits, the company needs to additionally comply with the provisions of S 73(2)(f), Rule 6 to 9 of Chapter V of the Act & Rules.
- I. Premature repayment of deposits, if any has to be in accordance with the provisions contained in Rule 15 of the Chapter V Rules.



Committees of EIRC for the year 2016

Name of the Committee	Chairman / Chairperson
Professional Development Committee	CS Sandip Kumar Kejriwal
Finance Committee	CS Sandip Kumar Kejriwal
Practising Company Secretaries Committee	CS Siddhartha Murarka
Study Circle Committee	CS Siddhartha Murarka
Research Committee	CS Siddhartha Murarka
Training and Education Facilities Committee	CS Gautam Dugar
Career Awareness Committee	CS Gautam Dugar
Investor Awareness Committee	CS Ashok Purohit
Public Relations Committee	CS Ashok Purohit
Information Technology Committee	CS Rupanjana De
Building Committee	CS Rupanjana De
Library Committee	CS Sunita Mohanty
Company Secretaries Benevolent Funds Committee	CS Sunita Mohanty

“EIRC Newsletter is the best way of communication to the Members and professional updation”

– CS S K Agrawala, Council Member, ICSI

In memory of Shri B. P. DHANUKA, a Fellow Member and Past President of The Institute of Company Secretaries of India (ICSI)



Shri B P Dhanuka was the example of professional in reality and had experience of more than 40 years in all facets of work of a Company Secretary. He was the President (Finance) & Company Secretary, Kanoria Chemicals & Industries Limited. After his retirement from the services, he served as Company Secretary in whole time practice till the last day. He was an independent director of a few renowned companies and was associated with a few Banks , Tata Companies and Birla companies as their advisor.

Shri Dhanuka served as Council Member of The Institute of Company Secretaries of India for 9 years and at Regional Council of EIRC for 7 years. He was the President of The Institute of Company Secretaries of India for the year 1998. He associated himself with the Eastern India Regional Council of ICSI since its inception and as its Chairman for the year 1984-85 had contributed greatly towards EIRC's growth and development. He was a guru and a mentor of many young members.

He was the Member of The Institute of Cost & Works Accountants of India and was the President of Calcutta Chapter of The Institute of Internal Auditors in the year 1986.

Shri B P Dhanuka co- authored a number of Books titled "Principles and Practice of payment of Bonus" ; Professional Tax in West Bengal; Hand Book on MRTP Act ; SEBI Guidelines on Capital Markets, etc and wrote various Articles on Corporate Laws which were Published in Business Standard; Financial Express; Company Law Digest; Management Accountant; Auditage; Chartered Secretary.

We pay homage to the departed soul .



WHO WILL BACK YOU UP AND SUPPORT DURING AUDIT UNDER SERVICE TAX?

DOST WILL. Our Dedicated Audit Manager will guide you throughout the audit, reply to Spot Memo, develop the best strategy to face it and even stay with you on the final day.

DOST GIVES YOU POWER AND PEACE OF MIND WHEN YOU NEED THEM THE MOST.

OUR OFFERING

- ✔ Gap analysis and Deficiency Report along with corrective and preventive actions.
- ✔ Complete guidance and assistance on compiling documents and prepare information/explanation as directed by STO in Audit Communication Letter(s).
- ✔ Formulation of strategy to face Audit.
- ✔ Liaisoning with auditing authorities to minimize the impact in Draft Audit Report
- ✔ Full and effective representation before the Service Tax authority at the Divisional Level.

WHY WE?

- ✔ Dedicated Account Manager.
- ✔ Multilingual Consultation even in Odd Hours.
- ✔ Experienced Team offers effective turnkey solutions.
- ✔ Minimal Response Time.
- ✔ Consultation on Video Conference with DOST Vikash.



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