Filing of Balance Sheet and Profit and Loss Account by companies in Non-XBRL for the accounting year commencing on or after 01.04.2011

Review of the Securities Lending and Borrowing (SLB) Framework
COMPANY SECRETARIES BENEVOLENT FUND
HOW TO BECOME THE LIFE MEMBER

Safeguarding and caring for your well being

Company Secretaries Benevolent Fund

Application for life membership of CSBF has to be submitted in the prescribed Form -A (available on the website of the Institute i.e. www.icsi.edu) and should be accompanied by Demand Draft or Cheque (payable at par) for ₹7500/- drawn in favour of “Company Secretaries Benevolent Fund” payable at New Delhi and the same can be deposited in the offices of any of the Regional Councils located at Delhi, Kolkata, Chennai and Mumbai. However, for immediate action, the applications should be sent to The Secretary & CEO, The Institute of Company Secretaries of India, 22, Institutional Area, Lodi Road, New Delhi -110 003.

The members can also apply online by following the steps given below:

a) The member has to visit the portal www.icsi.in
b) The member has to login to self profile by selecting the option Member – Associate / Fellow
c) The member has to enter his membership number.
d) The member has to enter his password in the box provided (The member has to Click on Reset password if creating for the first time and follow the instructions)
e) After Logging in the member has to click on the link ‘Request for CSBF Membership’
f) The member has to click on Download link to download the Form ‘A’ i.e. Form for admission as a Member of CSBF.
g) The member has to fill up the form complete in all respects.
h) The member has to scan the duly filled in form and upload the same.
i) After uploading the scanned form the member has to click on ‘Proceed for Payment’ button for payment through net banking.
j) A copy of the Acknowledgement Number generated may be retained by the member for future reference.

Following benefits are presently provided by the CSBF:-

<table>
<thead>
<tr>
<th>Financial Assistance in the event of Death of a member of CSBF:—</th>
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<tbody>
<tr>
<td><strong>Upto the age of 60 years</strong></td>
</tr>
<tr>
<td>✦ Group Life Insurance Policy for a sum of ₹2,00,000; and</td>
</tr>
<tr>
<td>✦ Upto ₹3,00,000 in deserving cases on receipt of request subject to the Guidelines approved by the Managing Committee from time to time.</td>
</tr>
<tr>
<td><strong>Above the age of 60 years</strong></td>
</tr>
<tr>
<td>✦ Upto ₹2,00,000 in deserving cases on receipt of request subject to the Guidelines approved by the Managing Committee from time to time.</td>
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<tr>
<th>Other benefits subject to the Guidelines approved by the Managing Committee from time to time:-</th>
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<tr>
<td>Reimbursement of Medical Expenses</td>
</tr>
<tr>
<td>✦ Upto ₹60,000/-</td>
</tr>
<tr>
<td>Financial Assistance for Children's Education (one time)</td>
</tr>
<tr>
<td>✦ Upto ₹20,000 per child (Maximum for two children) in case of the member leaving behind minor children.</td>
</tr>
</tbody>
</table>

For further information/clarification please contact Mrs. Meenakshi Gupta, Joint Director or Mr. J S N Murthy, Administrative Officer on telephone No. 011-45341049, Mobile No. 9868128682 or through e-mail Ids member@icsi.edu or csbf@icsi.edu

FOR FURTHER DETAILS PLEASE VISIT : www.icsi.edu/csf
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Chartered Secretary

Vol. : XLII ● No. 12 ● Pp 1489-1632 ● December - 2012

From the President

SPECIAL FEATURE

- ICSI-The Triumph of Leadership

ARTICLES

- Supreme Court's decision in Sahara India Real Estate Corporation Ltd. v. SEBI The lesson to learn from
- Attitudinal shift in Corporate Functioning vis-à-vis Concern for Society
- Political Economy of Neo-Governments
- Challenges in Formulation of Regulations Principle v. Rule based Regulations
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Annual Subscription

Inland : Rs. 1000 (Rs. 500 for Students of the ICSI)
Foreign : $100; £60 (surface mail) Single Copy : Rs. 100

Chartered Secretary is normally published in the first week of every month. Non-receipt of any issue should be notified within that month.

Articles on subjects of interest to company secretaries are welcome.

Views expressed by contributors are their own and the Institute does not accept any responsibility.

The Institute is not in any way responsible for the result of any action taken on the basis of the advertisement published in the journal.

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Edited, Printed & Published by

N. K. Jain for The Institute of Company Secretaries of India, ICSI House, 22, Institutional Area, Lodi Road, New Delhi- 110 003.
Phones : 41504444, 45341000, Grams : COMPSEC
Fax : 91-11-24626727
E-Mail : info@icsi.edu
Website : http://www.icsi.edu

Design & Printed at

M. P. Printers

B-220, Phase II, Noida-201305
Gautam Budh Nagar, U. P. - India

1489

December 2012
CHARTERED SECRETARY

12th ICSI National Award for Excellence in Corporate Governance 2012 - Jury Meeting - President Nesar Ahmad welcoming Hon’ble Jus. M.N. Venkatachaliah (Former Chief Justice of India and Chairman of the Jury).

12th ICSI National Award for Excellence in Corporate Governance 2012 - Jury Meeting in Progress: Jus. M.N. Venkatachaliah chairing the meeting. Others sitting from left: Nesar Ahmad, Gopalakrishna Hegde, Naresh Chandra (Former Cabinet Secretary, Govt. of India), Y C Deveshwar (Chairman, ITC Ltd), Y M Deosthalee (CMD, L&T Finance Holdings Ltd.), Zia Mody (Managing Partner, AZB and Partners), P K Choudhury (Vice-Chairman & Group CEO, ICRA Ltd) and M.K. Gupta.

Jury Meeting in Progress (Contd.) Sitting from Right: N.K. Jain, Justice N Santosh Hegde (Former Judge, Supreme Court of India), Dr. M.B. Athreya (Management Consultant), T.S. Krishna Murthy (Former Chief Election Commissioner of India), G.V. Prasad (Vice Chairman & CEO, Dr. Reddy's Laboratories Ltd.), Sutanu Sinha, Dr. S.K. Dixit, Alka Kapoor and Sonia Baijal.

Chairman and Members of the Jury seen with Team ICSI - Sitting from Left: Y M Deosthalee, Dr. M B Athreya, Zia Mody, Justice N Santosh Hegde, Justice M N Venkatachaliah, Naresh Chandra, P K Choudhury, Y C Deveshwar, T.S. Krishna Murthy and G V Prasad (standing 7th from left.)

ICSI Convocation 2012 held at Kolkata - Newly admitted Member receiving his membership Certificate from Chief Guest Dr. Smt. Rani Babu (Vice Chancellor, West Bengal University of Technology). Others standing from Left: N.K. Jain, Atul Mehta, Nesar Ahmad, S.N. Ananthasubramanian and Mahavir Lunawat.

ICSI Convocation 2012 held at Mumbai (ICSI - CCGRT) - Newly admitted Member receiving his membership Certificate from Chief Guest Dr. A.K. Saxena (Director & Chair Professor of Finance Area, SIES College of Management Studies, Nerul). Others standing from Left: N K Jain, Atul Mehta, Nesar Ahmad, S.N. Ananthasubramanian and Mahavir Lunawat.

ICSI Convocation 2012 held at New Delhi - Standing from Left: N K Jain, Nesar Ahmad, Chief Guest Dr. Ashok K Chauhan (Founder President of the Ritnand Belved Education Foundation (Anity Education Group), S N Ananthasubramanian and Rajiv Bajaj.

ICSI Convocation 2012 held at Chennai - Standing on the dais from Left: S S Marthi, Nesar Ahmad, Chief Guest Prof. Dr. S Sudalaimuthu (Vice Chancellor, Alagappa University, Tamilnadu), R Sridharan and N K Jain.

ICSI Convocation 2012 held at New Delhi - Group photo of newly admitted Members of the Institute.

ICSI Convocation 2012 held at New Delhi - A view of the dignitaries, invitees and newly admitted Members of the Institute.

EIRC - 23rd Regional Conference of Company Secretaries - Nesar Ahmad lighting the lamp to mark the inauguration. Others standing from Left: B.P. Dhanuka, Ranjeet Kanodia, Deepak Khaitan, D. Bandopadhyay (RoC, West Bengal) and Ashok Pareek.

EIRC - Bhubaneswar Chapter - Programme on Modernised Competition Regime in India - G.K. Bhatia (Former ADG, CCI) addressing. Others sitting on the dais from Left: Debadatta Mohapatra, J.B. Das and A. Acharya.
special feature

ICSI-the triumph of leadership

N. K. Jain

The write-ups captures the evolution of CS profession and transformation of ICSI in the last decade (2003-2012) in both qualitative and quantitative terms. The period has witnessed effective brand building, collaborations, credible research studies and publications, big push for globalization of the profession, series of path breaking initiatives on Corporate Governance, CSR and green initiatives, use of technology for better services to its stakeholders, increased interface with government and regulators, infrastructure development, human resource development, etc. During the period ICSI has witnessed record increase in revenue, general reserves, surplus, members admitted, students registered and students enrolled for examination.

Articles (A 479 - 535)

Supreme Court's decision in Sahara India Real Estate Corporation Ltd. v. SEBI The lesson to learn from

Dr. K. R. Chandratre

On 31st August 2012 the Supreme Court by a landmark judgment directed two companies of the Sahara Group, (which had issued Optionally Fully Convertible Debentures (OFCDs) by a private placement offer by the boards of the two companies after special resolutions under section 81(1A) were passed at their general meetings, and an Information Memorandum (IM) was circulated among prospective investors after it was filed with the Registrar of Companies purportedly under section 60B of the Companies Act) to refund around Rs 17,400 crores to their investors within three months from the date of the order with an interest of 15% per annum. Confirming the findings of the Securities Appellate Tribunal (SAT), the SC further asked SEBI to probe into the matter and find out the actual investors who subscribed to the OFCDs. One of the issues before the SC was whether the issue of OFCDs was a private placement issue or a public issue so as not to fall within the purview of SEBI Regulations and various provisions of Companies Act. This was the most controversial and significant issue and after extensive discussion on the provisions of section 67 of the Companies Act, the Court held that although the intentions of the two companies were to make the issue of OFCDs as a private placement, their actions were incompatible with and contrary to their intentions and in the process the provisions of section 67(3) were violated. The judgment dwells upon several issues arising out of the provisions of the Companies Act and SEBI Act, Rules and Regulations concerning issue of securities have on which there was no authoritative interpretation.

Attitudinal shift in Corporate Functioning vis-à-vis Concern for Society

J. Sridhar

Corporate Social Responsibility (CSR) initiatives are now getting integrated with strategic management and corporate governance. Companies are also addressing a much larger number of stakeholders than in the past. Social Responsibility may be no panacea for all business social problems, but it is something that must guide business in the future. Businesses are being asked to assume broader responsibilities to society than ever before and to serve a wide range of human values. In as much as business exists to serve society, its future will depend on the quality of management's response to the changing expectations of the public. CSR is successful only to the extent that it adds to the bottom-line. CSR can be sustainable only so long as it continues to add value to corporate success. CSR has an upbeat future in the global business arena. The 'business case' for CSR will always be the crux for success in CSR. While all practices of CSR cannot be profitable, the concept of Strategic Corporate Social Responsibility can be adopted through policies, programmes and processes, which yield substantial business related benefits to the firm.

Political Economy of Neo-Governments

M. S. Sahoo

The neo-governments provide public goods in public interest just as the government does. They have responsibilities and powers similar to those of the government. Yet they are not the government. The emergence of neo-governments to share governance with the government is a hard reality and the governance through neo-governments constitutes the most important governance reforms in the last few decades. There is a need for a comprehensive review of the experience so far of this mode of governance and use the learning to improve the spacing and design of the neo-governments within the constitutional schema. Based on the review, critical overarching principles may be written into a charter to guide the establishment as well as operations of the neo-governments irrespective of the sphere of governance.

Challenges in Formulation of Regulations Principle v. Rule based Regulations

Dr. V. R. Narasimhan

Regulator may enunciate the policy objective and expect the market players to behave responsibly to subscribe to the policy objective. Alternatively, Regulators may adopt a prescriptive approach to determine the behaviour of the regulated entities. The former is called "Principle Based Regulation" (PBR) and the latter is called "Rule Based Regulation" (RBR). A comparison of PBR and RBR and glimpse of international experience with PBR is given in the article. Indian regulator, whether it is said or not, adopts RBR approach to regulation. However, SEBI for the first time (Feb 2012) has taken stand of shifting to PBR at least with respect to advertisement and valuation of assets in Mutual Fund Regulations.

Reference to Shome Committee Regarding Retrospective Amendments - Hastily Conceived and Imperfectly Executed

T. N. Pandey

The author has analysed in the article the first part of the Shome Committee's report on the issue relating to retrospective amendments referred to it by the P.M. (as F.M.) on 30.07.12. The article contains an in-depth study on the various recommendations of the Committee, bringing out its weaknesses and how a report merely on income-tax aspect cannot be an incentive for generating investors' interest. A coordinated approach, covering various other areas, such as availability of land, power, skilled manpower, simple labour laws, congenial business environment,
Human Rights Violations by Companies in India

Prof. Akshey Kumar

History is littered with innumerable instances of human rights abuses. Business houses have also indulged in indiscriminate and unabashed infringement of human rights violations while maximizing profits and unfortunately in most cases, the big sharks have escaped the clutches of the law of the land by using dubious methods and devices. The article highlights the trampling of human rights by companies in India. It highlights the yeomen’s service rendered by the International Commission of Jurists, a non-governmental organization devoted to promoting the understanding and observance of the law and the legal protection of human rights throughout the world and draws extensively from the comprehensive and voluminous report delving into legal liability for corporations under Indian law, available legal remedies in case of abuses of human rights, legal and procedural obstacles and conclusions and recommendations. It advocates strong political will to take stringent swift actions against erring companies, creation of a special cell in the Ministry of Corporate Affairs to take suo motu notice of apprehension or incident of violations by a company, fullest protection to whistleblowers, creation of Special Benches in the High Courts and the Supreme Court to deal with violations and drafting of a well-documented model code of conduct to be followed by the companies.

Natco Pharma Ltd v. Bayer Corporation Compulsory Licence for a Pharmaceutical Product

T. Ramappa

Natco Pharma Ltd. v. Bayer Corporation is a very significant decision under section 84 of the Patents Act, 1970 as amended in 2005. The facts show that large pharmaceutical companies do not really transport into India the technology covered by the patents granted, but import the product and sell it at exorbitant prices far beyond the capability of an average Indian to buy it on a continuing basis for a long time. The case showed beyond doubt that: reasonable requirements of the public were not satisfied in respect of the patented product, it was not available at a reasonably affordable price and that the product was not worked in India. Bayer refused to license the technology covered by the patent to Natco and opposed Natco’s selling the product covered by the patent at a far lower price. The Controller of Patents overruled all the contentions of Bayer and granted a compulsory licence to Natco imposing certain conditions for the use of the process under the patent.
1. List of Code of Corporate Governance issued and updated during the year 2012 in various jurisdictions:

- Austrian Code of Corporate Governance ---- January 2012 (Revised)
- Malaysian Code on Corporate Governance 2012 ---- March 2012 (Revised)
- Code of Practice for Good Governance of Community, Voluntary and Charitable Organizations in Ireland ---- 20 March 2012 (New)
- Code of Corporate Governance 2012, Pakistan ---- 10 April 2012 (New)
- Code of Corporate Governance, Singapore ---- 2 May 2012 (Revised)
- German Corporate Governance Code ---- 15 May 2012 (Amended)
- Jordanian Corporate Governance Code ---- 2012 (New)
- The UK Corporate Governance Code ---- 28 September 2012 (Revised)
- The UK Stewardship Code ---- 28 September 2012 (Revised)

The details of enumerated codes are available at:
http://www.ecgi.org/codes/all_codes.php

2. UK Corporate Governance Code & UK Stewardship Code, 2012

UK Corporate Governance Code (formerly the Combined Code) sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. Listed companies are required to report on how they have applied the main principles of the Code, and either to confirm that they have complied with the Code's provisions or - where they have not - to provide an explanation.

The new edition of the Code was published in September 2012 and applies to reporting periods beginning on or after October 1, 2012. The new code inter-alia has provision for the disclosure of the board's policy on gender diversity in the Annual Report and Reporting by the audit committee to the board on how it has discharged its responsibilities.

Further, an updated version of UK Stewardship Code was also issued in September, 2012. The UK Stewardship Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. The Code set out good practice on engagement with investee companies to which the FRC believes institutional investors should aspire and operates on a 'comply or explain' basis. The Financial Services Authority (FSA) requires UK authorised asset managers to report on whether or not they apply the Code.

The details can be had at:
http://www.frc.org.uk/
Do Rainwater harvesting

Rainwater harvesting essentially means collecting rainwater on the roofs of building and storing it underground for later use. In urban areas, the construction of houses, footpaths and roads has left little exposed earth for water to soak in. Realizing the importance of recharging groundwater, the Central Ground Water Board is taking steps to encourage it through rainwater harvesting in the capital and elsewhere. A number of government buildings have been asked to go in for water harvesting in Delhi and other cities of India. All you need for a water harvesting system is rain, and a place to collect it! Typically, rain is collected on rooftops and other surfaces, and the water is carried down to where it can be used immediately or stored. You can direct water run-off from this surface to plants, trees or lawns or even to the aquifer. Some of the benefits of rainwater harvesting are as follows: -

- Increases water availability.
- Helps in improving the declining water level.
- Environmentally friendly.

Good Things Around

Green Words: Let’s Speak Environment Language:

The language is very important in any culture. As culture & tradition changes with time, it affects language particularly ‘spoken language’. Different words related with day to day life get added in ‘spoken language’. These words are later on also used in written language. Information & Communication Technology (ICT) changed the way we live & communicate. It resulted in adopting different words in spoken language like ‘Online’, ‘Chat’, ‘Buzz’, ‘Tweet’ etc. Now a day’s Environment sector is in focus. To promote the Environment language, Environmental Information System (ENVIS) has developed a ‘Green Word Dictionary’ section on its website which will familiarize the community to the environmental words. One can also donate some words to this ‘Green Word Dictionary’ by writing at mah@envis.nic.in. For details visit: http://envis.maharashtra.gov.in/envis_data/?q=GreenWords_11#b_word

Remember

9 December- International Anti-Corruption Day
10 December- Human Rights Day

Moments of Thought

“You cannot legislate good behaviour”

- Mervyn Kin S.C (Chairman: King Report)

FORTHCOMING EVENTS

Institute of Public Enterprise, Hyderabad, Accounting Research Institute (ARI), Universiti Teknologi MARA (UiTM), Malaysia and Institute of Business Research, University of Waikato, New Zealand

Jointly organizing
4th International Conference on Corporate Governance
Theme: Emerging Economies
at Hyderabad
Dates: December 10-11, 2012
(For more details visit: http://sites.ipeindia.org/iccg4/home-1)

FEEDBACK & SUGGESTIONS

Readers may give their feedback and suggestions on this page to Mrs. Alka Kapoor, Joint Director, ICSI (alka.kapoor@icsi.edu)

Disclaimer:
The contents under ‘CG & CSR: Watch’ have been collated from different sources. Readers are advised to cross check from original sources.
From the President

Dear Professional Colleagues,

The growth of a profession has to be in pace with the growth of the nation. India being one of the fastest growing economies of the world would require smart professionals equipped with latest technical and professional knowledge and skills to cater to the new and emerging issues of public interests such as environmental and sustainability issues, in addition to business strategies, compliance management and governance.

The impact of growing economy on CS profession will indeed be quite intensive as the role profile of the Company Secretaries is expanding with each passing day. It would require constant environmental scanning, and filling the gaps between current demand and future expectations, through capacity building in technical and soft skills, in addition to attitudinal shift towards positive dimensions of change.

So, we have to prepare for the future and it would require insights, foresight and actioning. As the term 'Insight' refers to impact analysis of prevailing situation; Foresight is moving this analysis across time and predicting the future contingencies and taking necessary action.

The actioning in this context require observance of prevailing scenario, mapping the scenario with current capacities and preparing accordingly as the scenario demands. It involves technical updates, professional networking, sensitivity to emerging technology and social issues and its impact on the profession. It is thus imperative for professionals like us to visualise the invisible and be on the learning curve to unlearn and relearn, to be future ready professionals.

ICSI Convocation

You are aware that the Council of the Institute had decided to organise ICSI Convocation, 2012 at all four Regions in the month of November, 2012. Accordingly, the first ever ICSI Convocation was held at four Regions on November 9, 2012 at Kolkata; November 19, 2012 at ICSI-CCGRT, Navi Mumbai; November 24, 2012 at New Delhi; and November 30, 2012 ICSI-SIRC House, Chennai.

Prof. Samir Kumar Bandyopadhyay, Vice Chancellor, West Bengal University of Technology; Dr. A K Sengupta, Director and Chair Professor of Finance Area, SIES College of Management Studies, Nerul; Dr. Ashok K. Chauhan, Founder President of the Ritnand Balved Education Foundation (Amity Education Group); and Prof. S Sudalaimuthu, Vice Chancellor, Alagappa University were the Chief Guests at respective locations, delivered Convocation address and presented the certificate of membership to the new members and certificate of Awards to the meritorious students.

I availed the opportunity to attend the Convocation Ceremony and I found it to be a moment of pride and privilege as the new members were taking their certificate of membership. It was indeed a glorious moment for me to be a part of the ICSI Convocation.

Vision is the art of seeing what is invisible to others

Jonathan Swift

December 2012
ICSI NATIONAL AWARD FOR EXCELLENCE IN CORPORATE GOVERNANCE, 2012

I am pleased to inform you that, the Jury Meeting for the 12th ICSI National Award for Excellence in Corporate Governance was held under the Chairmanship of Hon'ble Mr. Justice M N Venkatachaliah, Former Chief Justice of India to adjudge the award winning companies and the recipient of the ICSI Lifetime Achievement Award for Translating Excellence in Corporate Governance into Reality, for the year 2012. Necessary arrangements are being made for the Presentation Ceremony to be preceded by a Panel Discussion by the experts in the area of Corporate Governance, and will be communicated to you shortly. I invite all of you to grace the Presentation Ceremony and Panel Discussion to make it a grand success.

Memorandum of Understanding

I informed in my earlier communications, that nothing can move and grow in isolation in this highly competitive and inter-connected world. The cooperation and co-existence is mantra for success in today’s knowledge based, borderless marketplace. In line with this thinking, you are aware that the Institute has been collaborating with Universities, Stock Exchanges, Management Institutes and other institutions of national and international repute by entering into MOUs. I am pleased to inform you that the Institute has initiated the discussions with Bengal National Chamber of Commerce and Industry; Amity University and Institute of Directors (India) for cooperation in the areas of mutual interest.

Visit to Regional Councils and Chapters

Capacity building of the members and students has always been on the priority of the Institute and the Institute, Regional Councils and Chapters are organising professional development programmes. During the month, I attended a Two Day Regional Conference organised by NIRC jointly with Jaipur Chapter on the theme ‘Transforming the Profession through Strategic Performance’ on November 3-4, 2012 at Jaipur and another Seminar organised by the Pune Chapter of the Institute on the theme "Peer Review & ICSI Guidelines" on 2nd November, 2012 at Pune.

During my visit to Kolkata in connection with ICSI-Convocation, I availed the opportunity to participate in the 23rd Regional Conference of Company Secretaries organised by EIRC of the Institute on November 9-10, 2012 at the Spring Club, Kolkata. Mr. Madan Mitra, Hon’ble Minister of Transport, Government of West Bengal was the Chief Guest at the Conference.

I also participated in a Two Day National Seminar organised by Shaheed Bhagat Singh College, University of Delhi, on the theme "Foreign Direct Investment in India : Response and Challenge" as Guest of Honour. Smt. Sheila Dikshit, Hon’ble Chief Minister of Government of NCT Delhi was the Chief Guest at the Seminar.

CS Benevolent Fund

As I appealed to you in my earlier communications, I once again reemphasize the fact that CS benevolent fund is a collective effort towards extending much needed financial support for our members in times of distress. I wish to compliment the SIRC of the ICSI for organising Cultural Evening for raising funds for this purpose. I urge the Regional Councils and Chapters to organise such Cultural Evenings for noble cause of Benevolence. I also appeal the members to become the life member of CS Benevolent Fund and be the part of the collective efforts.

With kind regards,

Yours sincerely,

New Delhi
December 1, 2012

(CS NESAR AHMAD)
president@icsi.edu
PRELUDE

Change is constant, cascading, challenging but essential. When one change leads to another that has a cascading effect on it; when the factors are interlinked, the effect of the same is faster and more visible. The intensity of change has become deeper in the last decade as the world has become one flat platform due to integration of geographies with liberalized policies, communication and information technology that have intertwined factors that any material change in one corner of the world has an impact on all other parts.

When we refer to the transformation of our country since the last decade, it is witnessed by increased number of industries, better employment opportunities, better literacy rates, role of technology, migration of rural population and rapid urbanization, inclusiveness, regulatory reforms, increased FDI inflows, vibrant capital markets etc.

As regards businesses, it is witnessed by cross border mergers, increased awareness about good governance and transparency through business disclosures, sensitivity to society and environment, sustainability initiatives etc.

Talking about the transformation of the Institute of Company Secretaries of India, it has witnessed multifold increase in students, revenue, effective brand building initiatives, globalization of the profession, more recognitions, better infrastructure and on-line provision of services to better serve its stakeholders.

CS PROFESSION - THE EVOLUTION

The profession of Company Secretaries/Chartered Secretaries was established in England in October, 1891 as 'The Institute of Secretaries'. In 1902 it was granted its Royal Charter and became the Chartered Institute of Secretaries. The name has since been changed to The Institute of Chartered Secretaries and Administrators (ICSA). The first branch to be established outside the United Kingdom was formed in South Africa in 1909. Today, ICSA, UK has its divisions in South Africa, Australia, Canada, New Zealand, Hong Kong, Malaysia, Singapore and Zimbabwe. The UK Act of 1948 provided for an appointment of a Secretary in every company. The UK Companies Act, 2006 provides that a public company must have a 'Secretary' and that a private company is not required to have a 'Secretary'.

SMALL STEPS TRAVERSED LONG DISTANCES

1950-1960

The need for sowing the seed of the profession of Company Secretaries in India was first felt in early 50's, when the business environment had started changing that had necessitated the services of a professional to bring Corporate Discipline.
The concept of Secretary was mooted during the discussions on the Companies Bill introduced in the Parliament in the year 1953 under the dynamic leadership of Pt. Jawahar Lal Nehru, the first Prime Minister of Independent India and the word "secretary" took a place in the definition clause of the Companies Act, 1956.

With this recognition of the status of Secretary, the late D L Mazumdar (ICS), the first Secretary of the Department of Company Law Administration, convened an All India Conference on 22-23 October, 1956 which included representatives of the Institute of Secretaries, Bombay; Indian Associations of the Corporation of Secretaries and Chartered Institute of Secretaries, London; Chambers of Commerce; FICCI; Institute of Chartered Accountants of India and individual secretaries of well-known public limited companies. Late D L Mazumdar declared at the conference that "just as the modern government cannot run without the secretariat, similarly, no modern company management can be carried on without a Company Secretary; that is our conviction and that there is a justification for striving to evolve for an All India Institution of Company Secretaries on sound lines". Subsequently, an Institute of Company Secretaries was registered as a company on November 5, 1956 at Calcutta (Kolkata) and was inaugurated on January 20, 1957 by the late Dr. B.C. Roy, the then Chief Minister of West Bengal. This, however, could not come up to the expectations of Government and consequently it had to close down later in 1959.

**ICSI AS SECTION 25 COMPANY**

**1960-1970**

On April 14, 1960, the Government of India passed a Cabinet resolution assuming direct responsibility to develop a trained cadre of Company Secretaries. The government accordingly set up an Advisory Board to standardize the basic qualifications and training and to hold qualifying examinations known as Government Diploma in Company Secretarialship (GDCS).

Later, due to substantial increase in the number of candidates, the matter was examined by the Advisory Board, which recommended the setting up of a company, incorporated under Section 25 of the Companies Act, 1956 to take over the entire work connected with the Company Secretaries including the conducting of examinations and coaching. The Advisory Board also felt that the Government might bring in necessary legislation for creating an autonomous body to look after this work on the pattern of the Chartered Accountants Act and Cost & Works Accountants Act.

The Institute of Company Secretaries of India was set up and registered as a company on 4th October, 1968 under Section 25 of the Companies Act, 1956 with its registered office at New Delhi. The work relating to Company Secretaries’ Examination and all allied matters were taken over by this Institute from the Company Law Board with effect from January 1, 1969.

The late R Prasad, the then Chairman, Company Law Board took over as the first President of the Institute (1969-70). Mr. R Krishnan was the first elected President (1970-73). The late P B Saharia was the first Secretary of the Institute (1968-70). Mr. T P Subbaraman who was actively involved in the formation of the Institute right from its inception was the Secretary of the Institute for the period 1972-1993.

**1969-80**

The proactive initiatives of the Institute to advocate the emerging concepts among its members were imbued right from the beginning. This is witnessed by the professional development programmes (PDP) by the Institute and the Regional Councils on contemporary topics such as MRTP, FERA, Managerial remuneration etc.

**MAIDEN REMINISCENCES**

Reading the remembrances of initial stages of the Institute sinks pleasant in the minds. Maiden events are always nostalgic. The institute also took tiny maiden steps in the form of opening of first library, first conference, first chapter, first convention etc. that enabled it to achieve the present position of one of the young, energetic and fastest growing profession in India. Some of the maiden initiatives taken by the Institute are as under:

- THE FIRST EXAMINATION
  The first examination leading to the Associate Membership of the Institute was conducted in April, 1969.

- THE FIRST CONFERENCE
  The Institute held its first Conference on “Role of Company Secretaries” at Madras on May 21-22, 1971. Late R Prasad, the then CLB Chairman inaugurated the conference.

- THE FIRST ISSUE OF CHARTERED SECRETARY
  The first issue of Chartered Secretary was published in July 1971 as quarterly journal as a communication platform between the Institute and its stakeholders. This issue covered proceedings of the first conference of the Institute, articles of professional interest such as Company Secretarial Audit, need for professionalization of Company Secretaries, Wider Responsibilities of Company Secretaries, Institute’s news & notifications, Book reviews etc.

- THE FIRST ANNUAL GENERAL MEETING
  THE First Annual General Meeting of the Institute as a Company was held on March 31, 1970.

- THE FIRST LIBRARY
  The library of the institute was opened on July 31, 1971 by Shri Bedabrata Barua, the then Hon’ble Dy Minister of Company Affairs.

- FIRST ELECTION
  First election of the Council was held in September 1970.
THE REGIONAL COUNCILS
The Central Council nominated the office bearers of four Regional Councils in 1971.

THE FIRST PUBLICATION
Justice Shri J L Nain, the then Chairman, MRTP Commission released the first book published by the Institute on 'Company Secretary & the MRTP Act' at a workshop organized by NIRC on February 2, 1974 at New Delhi at the price of Rs.12.

THE FIRST REGIONAL CONFERENCE
The first Regional Conference was organized by SIRC on the theme 'Role of Company Secretary under the FERA 1973' on April 20, 1974 at Chennai.

THE FIRST PRESIDENT'S PAGE
The first President's page started in the month of October 1975 by the then President Mr P A S Rao.

ICSI-AS A STATUTORY BODY
The Institute achieved one of its major milestones when the Company Secretaries Bill was passed and it became The Company Secretaries Act, 1980 with effect from 10th December 1980 and the Institute of Company Secretaries of India became a statutory body with effect from January 1, 1981.

LANDMARKS OF THE INSTITUTE (1971-1993)
Mr. T P Subbaraman in his article titled “A Tryst with Destiny” published in Chartered Secretary in October, 1993 summed-up the landmarks of the Institute till 1993 as follows - "The Incorporation as an independent professional body in 1968; the judicial recognition by the House of Lords in the UK in 1971 that the Secretary has ostensible authority on the administrative functions of a company; the prescription of qualifications and provisions for appointment of whole time secretaries in the Companies (Amendment) Act, 1974; the amendments to articles for abolition of proxies and election of Council by postal ballots / polling booths once in three years on proportional representation basis and election of President and Vice-President by the Council every year in 1977; introduction of Code of Conduct and issue of certificate of practice from 1979; obtaining plot and commencement of construction of HQ Building by the President of India in 1979; inauguration of ICSI House by the Vice-President of India in 1981; the constitution of the Institute as a statutory body from 1981; introduction of a thoroughly revised new syllabus and new practical training requirements in 1985; amendments to the Companies Act defining the concept of Company Secretary in Practice and providing a few areas of practice including a small but exclusive area for practicing Company Secretaries in 1988; the recognition of the profession of Company Secretaries in capital markets areas during the last few years and lastly and the best recognition given to the profession in the Companies Bill, 1993 requiring Secretarial Compliance / Audit Report for all 383A companies are no doubt important landmarks in the developments and growth of the Institute".

During the period the Institute aggressively pursued its objectives in the wake of open market policy and globalization efforts of the Government. The Institute continued to march on the growth path and achieved significant progress during the period 1994-2002, namely; Government's approval to PMQ Course in Capital Markets and Financial Services; MOU with ICSA, London; Guidelines for constitution of Satellite Chapters and constitution of 19 Satellite Chapters; MOU with National Law School of India University, Bangalore; MOU with ICSA-UK and ICSI for mutual exemption in certain papers; First National Conference of Student of Company Secretaries; Authority to Company Secretaries in Practice to appear before the SAT; NSDL and CSDL allowed Company Secretaries in Practice to conduct Internal Audit of operations of participants; Inauguration of the ICSI - Centre for Corporate Research and Training; completion of construction of ICSI's new building at NOIDA; Insertion of proviso to Sub-Section (1) of Section 383A of the Companies Act, 1956 opening up core area of practice for company secretaries; constitution of Secretarial Standards Board; Implementation of New Syllabus; Institution of the ICSI National Award for Excellence in Corporate Governance; Issuance of Secretarial Standards on "Meetings of the Board of Directors" (SS-1) and "General Meetings" (SS-2).

ICSI VISION PLAN 2003-2010
In the year 2003, it was felt by the Council led by the then President Mr. Pavan Kumar Vijay that the Institute should have a formal Vision Document including its Vision and Mission statements. After extensive debates and discussions, the Council of the Institute adopted "ICSI Vision Plan 2010" and defined its Vision and Mission statements to clearly chart-out a roadmap of the Institute for the period upto 2010.

I joined the Institute on 1st July 2003 and became proud member of Team ICSI. It was my privilege that I was actively involved in the finalization of the Vision Document and subsequently its implementation. An eleven point agenda for action was finalized as under:
1. Enhancing Cooperation between Members, Students and Staff Members;
2. Repositioning Company Secretaries
3. Strengthening Professional Ethics
4. Good Governance in Institute's Affairs
5. Organizational Reengineering
6. Quality Management System - ISO, TQM, Six Sigma, etc.
7. Knowledge Management
8. Qualitative Professional Development and Continuing Education
9. Human Resource Development
10. Infrastructure Development - Focus on IT or Virtual Institute
11. International Networking
RESOURCES MANAGEMENT

The resources at the command of the Institute in the year 2003/2004 were modest to translate its vision into reality and to effectively implement ICSI Vision Plan 2010. It needed much more resources to increase its brand building, its interface with the industry, government, regulatory bodies, intermediaries in the financial markets etc., creating more visibility to reach out to its stakeholders in the far and away locations (two or three tier cities), improving its infrastructure at its various offices, investing in technology to improve its services to its stakeholders, investing on human resources etc. As a prudent resource management strategy, the Institute resorted to various cost reduction measures and even sought financial assistance on some occasions in the form of overdraft from its Bankers to pay salary and allowances to its employees and to meet other financial commitments. However, this did not deter the Institute from the path of growth and development rather, intensified ICSI resolve and commitment to successfully implement ICSI Vision Plan 2010 and move forward.


In line with the developments in economic, regulatory and global scenario and keeping in view the above resource constraints, a detailed strategy was formulated and implemented effectively and efficiently. ICSI also took various initiatives for strengthening its financial position and towards growth and development of the profession, members, students, brand building, research and development, governance, human resource development etc. A snapshot of the performance of the Institute on various important parameters for the period five years 1998-99 to 2002-03 and approximately nine and a half years 2003-04 to 2011-12 is summarized below:

FINANCIAL RESULTS

REVENUE

The Revenue for the Financial Year 2011-12 recorded an increase of 908% as compared to the Financial Year 2002-03 as may be seen from the graph below:

BRAND BUILDING AND VISIBILITY OF THE PROFESSION

The Institute adopted innovative strategies for brand building and enhancement of its visibility beyond metro cities and even reached out to schools and colleges, parents, teachers and community at large in two and three tier cities/towns. The new initiatives during this period included Corporate Identity Manual, Corporate Advertisements highlighting the services rendered by Company Secretaries, Career Counselling Kits; Corporate Films; Films on CS Course; Film on ICSI-CCGRT; Appointment of Counsellors;Educative foldable canopies; Career Awareness Week across the country, Production and telecast of CS Spots on leading Television /Radio Channels, ICSI advertisement in Delhi Metro Trains, Publication of 36 page booklet on CS Course and Profession "Career as a Company Secretary" which was widely distributed to students in various schools and colleges across the country etc.. It provided extensive coverage on the CS Course and Profession in print and the electronic media, CS spots on TV and Radio, English and Regional Newspapers, in-flight magazines, business and professional journals etc. It also brought out focused advertisements to highlight the importance of good Corporate Governance, Corporate Social Responsibility and Sustainability.
TRADE MARK
The word 'Chartered Secretary' has been registered under the Trade Marks Act, 1999 on 24th December 2007.

ICSI LOGO
The Institute adopted new logo which is indicative of the locale that is stationary, stable and solid and yet which is going, on the move, flying and scaling high. In order to be in line with the modern times that require one to be simple, clear, eye-appealing and articulate, the new logo adopted by the Council of the Institute represents contemporary professional outlook and proactive approach in delivery of services.

This change is a reflection of our inner growth and empowerment as the new identity of the Institute stands for stability and integrity. The core of the new identity "connecting for collective growth" is epitomized by four alphabets signifying a mature and multifaceted profession. The words CS in the centre of the identity integrate to form an upward arrow embodying the Institute’s vision of growth and excellence in corporate governance. Set in a deep blue colour, the bold and elegant masthead lends it an air of authority and leadership. The letters ‘CS’ being used by the members shares a direct and umbilical relationship with the new identity of the institute, and represents stability and integrity, which are hallmarks of our profession.

GENERAL RESERVES
The General Reserves for the Financial Year 2011-12 recorded an increase of 649% as compared to the Financial year 2002-03 as may be seen from the graph below:

SURPLUS
The surplus for the Financial Year 2011-12 recorded an increase of 3779% as compared to the Financial Year 2002-03 as may be seen from the graph below:

MEMBERS ADMITTED
The number of members admitted till 31st October, 2012 recorded over 96% growth when compared to members admitted upto 31st March, 2003 as may be seen from the graph:
STUDENTS REGISTRATION
The number of current students as on 31st October, 2012 have increased by 214% as compared to the number of current students as on 31st March 2003 as may be seen from the graph below:

STUDENTS ENROLLED FOR EXAMINATION
The number of students enrolled for examination held in 2012 have increased by 400% as compared to the number of students enrolled for examination held in 2003 as may be seen from the graph below:

NEW STYLE CHARTERED SECRETARY
Institute's monthly Journal 'Chartered Secretary' continues to receive accolades from various quarters, be it industry, commerce, trade or professionals for its informative articles on contemporary topics, prompt reporting of government notifications, judicial pronouncements etc.

From January, 2012, it assumed a new shape with multi colour printing, innovative ideas, international look and design retaining the magic of its quality and authenticity of information, application oriented articles and all standard columns. The journal continues to serve as an effective medium of communication between the institute and its members and other stakeholders.
### SUMMARY

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
<th>Unit</th>
<th>FY 2002-03</th>
<th>FY 2011-12</th>
<th>% Increase</th>
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<td>1.</td>
<td>Revenue</td>
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<td>908</td>
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<td>General Reserves</td>
<td>Rs. Lakhs</td>
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<td>3.</td>
<td>Surplus</td>
<td>Rs. Lakhs</td>
<td>185</td>
<td>7176</td>
<td>3779</td>
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<td>4.</td>
<td>Members admitted</td>
<td>Nos. upto</td>
<td>15,894</td>
<td>31,171</td>
<td>96</td>
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<td>5.</td>
<td>Current Students</td>
<td>Nos.</td>
<td>1,11,929</td>
<td>3,51,263</td>
<td>214</td>
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<td>6.</td>
<td>Students enrolled for examination</td>
<td>Nos.</td>
<td>55,419</td>
<td>2,77,323</td>
<td>400</td>
</tr>
</tbody>
</table>

### COLLABORATIONS

During last nine years ICSI collaborated with a large number of institutions including Ministry of Corporate Affairs, Securities and Exchange Board of India, National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd., MCX-Stock Exchange Limited, United Stock Exchange of India Ltd., the Bangalore Stock Exchange Limited, the Central Board of Excise and Custom, Investor Education and Protection Fund, Indian Institute of Corporate Affairs, the Institute of Public Enterprises, Indian Institute of Banking and Finance, ICRA Limited, NISIET, Training Institutes, Apex Industry Associations i.e. ASSOCHAM, CII, and other Chambers of Commerce, State Industry Associations, Universities and Academic Institutions including Indira Gandhi National Open University and Symbiosis Centre for Management Studies, Symbiosis International University etc. to expand the scope and activities of the Institute and to leverage the strength of the partner institutions, for capacity building of members.

### GLOBALIZATION OF THE PROFESSION

ICSI promoted International Federation of Company Secretaries (IFCS) in 2004 and then played key role in formation of Corporate Secretaries International Association (CSIA) in March 2010 at Paris with its registered office at Geneva which has presently 18 members. ICSI has established extremely cordial bilateral relationship with CS institutes at UK, Hong Kong, Malaysia, Singapore, Australia, South Africa, Kenya, Nigeria, Pakistan, Bangladesh, Sri Lanka, Nepal. ICSI is engaged in regular dialogue with them for enhancing its collaborations for entering into MOUs for mutual exemptions in the examination papers, joint

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**Special Feature**

### The Triumph of Leadership

A research has shown that governance practices relating to lead/senior independent director, separate meetings of independent directors, separate position of Chairman and CEO, gender diversity - women directors on boards, constitution of nomination committee, formal framework for evaluation of board and individual directors, formal framework for training /development of directors and sustainability reporting still remain major challenge areas.
research, exchange programmes etc. ICSI actively participated in the various international programmes organized by member institutes of CSIA and other institutes and established its leadership position in the profession of Company Secretaries globally.

ICSI has actively collaborated with global institutions like Global Corporate Governance Forum (GCGF), an arm of International Finance Corporation (IFC), Organisation for Economic Co-operation and Development (OECD), INSOL International, Global Reporting Initiative (GRI), Transparency International India, Institute of Directors (London), Singapore Institute of Directors, Institute of Directors (South Africa), Asian Corporate Governance Association (ACGA) (Hong Kong), Chartered Institute of Securities and Investments (CISI), London, CASS Business School, London etc. and actively participated and jointly organized programmes with such institutions which has provided international recognition to ICSI.

ICSI has organized seven International Professional Development Fellowship Programmes in Singapore, Kenya, Hong Kong, Switzerland, UK, Australia and South Africa which were well attended and provided the members international exposure for professional services and opportunities of networking with their counterparts. As co-partner with Global Corporate Governance Forum, ICSI organized Corporate Governance Board Leadership Programme at Mumbai and New Delhi in 2008, participated in Asian Roundtable on Corporate Governance organized by OECD in Hong Kong in 2008, in Bali in 2011 and in Tokyo in 2012, Co-hosted "OECD Asian Roundtable on Corporate Governance - Fighting Abusive Related Party Transactions in Asia Workshop on Implementation" in partnership with Government of Japan and participation of MCA and SEBI on 25-26 October, 2010 at New Delhi.

RESEARCH AND PUBLICATIONS

ICSI brought-out extremely credible and authentic research publications on various topical subjects in last ten years which were found extremely useful by all stakeholders. During this period (2003-2012) ICSI published 9 Secretarial Standards including SS-11 under process, 11 Guidance Notes, 19 books on Corporate Governance and CSR, 2 books on Company Law, 11 books on Capital Markets, 9 books on Corporate and Economic Laws, 4 Research Studies, 9 Referencers, several backgrounders/souvenirs, 13 CDs, a memoir ‘small steps traverse long distances’ and a book on Integrity. The major publications brought out during the period are as under:

- Handbook on Arbitration & Alternative Dispute Resolution
- Doing Business in Thailand
- Handbook on Internal Audit of Operations of Depository Participants
- Handbook on Mergers, Amalgamations & Takeovers - Law & Practice
- Securities Management and Compliances
- Practitioner’s Guide to Consumer Protection Law
- Prohibition of Insider Trading - Law & Procedure
- A Guide to Company Secretary in Practice
- Corporate Governance - Beyond Letters
- Referencer on Filling & Filing of e-Forms 23AC & 23ACA
- Establishment of Branch/Liaison/Project Offices in India
- Referencer on Secretarial Audit
- Delisting of Equity Shares
- CG Insights
- Handbook on Internal & Concurrent Audit of Depository Participants
- Referencer on E-forms
- Referencer on Transfer Pricing
- Capital, Money & Commodity Market
- Basics of Mutual Fund
- Peer Review Manual
- Gender Diversity in Boardrooms
- Sustainability Report for Sustainable Future
- Responsibly Managing e-waste
- Referencer on Certification of Securities Transfer
- Referencer on Reconciliation of Securities Transfer
- Referencer on SEBI (Issue of Capital & Disclosure Requirements) 2009
- Referencer on XBRL (As per Revised Schedule VI)
- DNA of Integrity

CDs
- Chartered Secretary on CD ROM 10th Edition
- Doing Business in Singapore
- Secretarial Standards

RESEARCH STUDIES

CORPORATE PRACTICES IN INDIA
- Independent Directors
- Board Committees
- Beyond Clause 49
- Corporate Social Responsibility

COMPLIANCE OF COMPETITION LAW

The Institute completed a research project on Compliance of Competition Law by Enterprises and also organised competition advocacy programmes as part of capacity building of members in the area of competition law. Based on the results of the research completed by the Institute, the Competition Commission of India has prepared Competition Compliance Programme for Enterprises, as suggestive framework for compliance of Competition Act, 2002. This compliance programme has been prepared to provide broad guidance to enterprises in creating
and implementing an internal competition compliance programme. Competition law being an important area of practice, members are being encouraged to develop capacities and skills to reap the benefits.

**NSE COMPLIANCE MANUAL**

The Institute successfully completed a research project awarded by National Stock Exchange of India Limited to prepare a Compliance Manual for its Trading/Clearing Members covering all aspects of compliance arising out of SEBI Act, Rules, Regulations and Guidelines made thereunder; Securities Contracts (Regulation) Act, 1956; Securities Contracts (Regulation) Rules, 1957; NSE Rules, etc. and NSCCL Rules, etc.

**ICSI NATIONAL AWARD FOR EXCELLENCE IN CORPORATE GOVERNANCE**

One of the first professional bodies to have initiated discussion on Corporate Governance in the light of Cadbury Committee Report in the year 1997, the ICSI instituted ICSI National Award for Excellence in Corporate Governance in the year 2001 for promoting good governance in Corporate India.

The ICSI has so far conducted 11 “ICSI National Award for Excellence in Corporate Governance” and the 12th Award Function is scheduled to be held during December, 2012 at Kolkata. Over a decade of its institution the Award has gained tremendous prestige and acclaim value in the corporate world and received laurels from Jury, and international organisations involved in promoting good Corporate Governance. In the last few years, the representatives of GCGF, OECD, IOD (London), ACGA and CSIA who had been on the Jury as its members have over whelmingly endorsed the evaluation methodology as one of the best. Our efforts are showing positive results in adoption of good governance practices and standards of reporting by the companies which is evident from the evaluation process. A research study of the shortlisted companies which were evaluated in last three years has shown that the governance practices relating to remuneration policy, rotation of auditors, secretarial audit, CSR policy and whistle blower policy in such companies have improved. However, governance practices relating to lead/senior independent director, separate meetings of independent directors, separate position of Chairman and CEO, gender diversity - women directors on boards, constitution of nomination committee, formal framework for evaluation of board and individual directors, formal framework for training /development of directors and sustainability reporting still remain major challenge areas. A new initiative of ICSI to provide critical feedback to the participating companies about the areas in which a company needs to improve / strengthen its governance practices, has helped the companies to improve their governance standards and has been well appreciated by the corporate world.

**DIRECTORS DEVELOPMENT AND CAPACITY BUILDING PROGRAMMES**

Recognizing that leadership development in boardroom is the key driver to better governance, the Institute organizes directors’ development programmes. During the last few years, the Institute has organized programmes for directors of PSUs including GAIL (India) Limited, Fertilizer Corporation of India, India Infrastructure Finance Company Limited, State PSUs and banks such as Indian Bank, Punjab National Bank, ING Vysya Bank Limited, etc. and for other corporate directors.

**NATIONAL POLICY ON CORPORATE GOVERNANCE**

The Ministry of Corporate Affairs vide Office Memorandum dated March 7, 2012 had constituted a Committee to formulate a Policy Document on Corporate Governance under the chairmanship of Mr. Adi Godrej. The President ICSI was the Member Secretary/ Convenor. The concept paper prepared by ICSI was the base paper for discussion before this committee. The Committee submitted its report to the Government of India on 18th September, 2012.

**ICSI RECOMMENDATIONS TO STRENGTHEN CORPORATE GOVERNANCE FRAMEWORK**

A Core Group of the Institute undertook a detailed study of the prevailing corporate governance practices including recommendations of various committees and corporate governance codes, the best practices adopted by the industry and after benchmarking the best practices made the ICSI recommendations to strengthen the CG Framework. ICSI submitted these recommendations to MCA and SEBI.

The Ministry of Corporate Affairs while finalising the Corporate Governance Voluntary Guidelines 2009 relied upon these recommendations.

**INVESTOR EDUCATION AND AWARENESS**

As part of its Corporate Governance initiative the Institute is actively engaged in organization of Investor Awareness Programmes through its Regional Councils, Chapters and Resource Persons. These programmes are organized under the aegis of Investor Education and Protection Fund, Ministry of Corporate Affairs and also jointly with National Stock Exchange, Bombay Stock Exchange and Chambers of Commerce and Trade Associations. The Institute has started
organizing Investor Awareness Programmes from the year 2005 and has organized more than 1600 Investor Awareness Programmes.

The Institute has brought out two booklets "First steps for Investing: A beginner's Guide" and "Primer for first time and existing Investors" which provides lucid information on various investment instruments and the right and responsibilities associated with each one of them.

**ICSI CAPITAL MARKETS WEEK**

The Institute has also started celebrating Capital Markets Week and the first Capital Markets Week was celebrated on April 23-28, 2012 on the theme ‘Capital Market – Growth Drivers’ by organizing programmes on emerging topics in the area of capital market throughout the length and breadth of the country through Regional Councils and Chapters. Experts were invited to interact with the members and students and the suggestions received during the week long programmes were compiled, evaluated and acted upon.

**SECRETARIAL AUDIT**

Corporate Governance Voluntary Guidelines, 2009 formulated by the Ministry of Corporate Affairs recognized the Secretarial Audit as a strong tool for implementation of Good Corporate Practices. The guidelines require the Board of Companies to give its comments on the Secretarial Audit in its report to shareholders. It was indeed an extremely important development for our profession, as it was a move in right direction towards our long standing demand for introduction of Secretarial Audit for companies.

In one of the landmark achievements, the ICSI in its presentation before the Parliamentary Standing Committee on Finance made a strong case for introduction of ‘Secretarial Audit’ which was found merited. The Parliamentary Standing Committee on finance in its report dated 26th August 2010 recommended introduction of ‘Secretarial Audit’ which was accepted by the Government of India. It is a matter of great achievement that the Companies Bill, 2011 contains a specific provision for conduct of ‘Secretarial Audit’ for bigger companies by a PCS. It is hoped that the Companies Bill, 2011 will be passed by both the houses of Parliament and become an Act soon.

**REVISION OF SYLLABUS**

The quality of a member of a professional body like ICSI is determined by the quality and contents of the syllabus and training. The corporate functioning and operations have become dynamic in nature requiring high level of skill, knowledge and understanding to deal with complex issues to the complete satisfaction of service seekers. It, therefore, requires the syllabus to be constantly updated and revised at short intervals.

The Council of the Institute had revised the syllabus in 2007. The nomenclatures for different stages were changed from foundation course, intermediate course and final course to Foundation Programme, Executive Programme and Professional Programme, respectively.

The Council of the Institute has again revised the syllabus for Foundation, Executive and Professional Programmes in 2012 which has been given
Review process is expected to improve the standards and quality of service and will help both the PCS and the Corporates.

PRESENTATION AT WTO

ICSI came out with a unique research paper and pitched for a new classification under Services Sectoral Classification List of WTO by the name of "Corporate Governance, Compliances and Secretarial Advisory Services". A landmark achievement was a presentation by CSIA before the "Committee for Specific Commitments" of WTO on 25th June, 2012 in Geneva, Switzerland. It is an extremely difficult and time consuming task but if we succeed, it will change the face of the profession of Company Secretaries globally.

ICSI-CENTRE FOR CORPORATE GOVERNANCE, RESEARCH AND TRAINING

The erstwhile ICSI-Centre for Corporate Research and Training (CCRT) has been rechristened as Centre for Corporate Governance, Research and Training (CCGRT), to sharpen its focus on Corporate Governance. The building, housing ICSI-CCGRT has been refurbished to give it a new look and ambiance with most modern gadgets, well equipped auditorium, conference and training halls, hostel rooms and rich library. The ICSI-CCGRT has conducted a number of Directors Development Programmes and other professional development and training programmes for members and other corporate executives, besides the residential MSOP which is the unique feature of the ICSI-CCGRT. The ICSI-CCGRT has brought out 23 select publications, Training Modules and the following Secretarial Standards and Guidance Notes since 2003:

SECRETARIAL STANDARDS
- SS 3: Secretarial Standard on Dividend
- SS 4: Secretarial Standard on Register and Records
- SS 5: Secretarial Standard on Minutes
- SS 6: Secretarial Standard on Transmission
- SS 7: Secretarial Standard on Passing Resolutions by Circulation
- SS 8: Secretarial Standard on Affixing of Common Seal
- SS 9: Secretarial Standard on Forfeiture of Shares
- SS10: Secretarial Standard on Board's Report
- SS11: Secretarial Standards on Registration, Modification & Satisfaction Of Charges (Under process)

GUIDANCE NOTES
- Dividend
- Buy Back of Securities
- Board's Report
- Preferential Issue of Shares
- Corporate Governance Certificate
- Listing of Corporate Debts
- Related Party Transactions
- Board Processes
- Non Financial Disclosures
- Material and Price Sensitive Information (Under process)
- Certification for Listing / Issue of shares by SMEs (Under Process)

RESEARCH DOCUMENTS
- Secretarial Audit
AMENDMENT TO CS ACT/CS REGULATIONS

The Company Secretaries Act, 1980 and the Company Secretaries Regulations, 1982 have been amended few times during this period:

- The Company Secretaries (Amendment) Act, 2006 liberalized the provisions regarding annual membership and certificate of practice fee, the size of the Council was increased from 15 to 20 members, the term of the Council was increased from 3 years to 4 years and provided for establishing Finance Committee, Quality Review Board and strengthening of disciplinary mechanism by establishing Directorate of Discipline, Board of Discipline, Disciplinary Committee and Appellate Authority.


- The Company Secretaries (Amendment) Act, 2011 allows Company Secretaries to form LLPs to enlarge the spectrum of the services provided by members of the CS Institute and also to ensure the competitiveness of the members of the Institute.

- The Company Secretaries (Amendment) Regulations, 2012 notified on 4th June 2012, provides for introduction of Corporate Compliance Executive Certificate, provisional enrolment for undergoing coaching for Executive Programme, Post Membership Qualification Courses in (i) Corporate Restructuring and Insolvency and (ii) Competition Law in addition to other amendments.

INTERFACE WITH GOVERNMENT AND REGULATORS

ICSI has very closely worked with various Government and Regulatory Authorities. A constant and regular engagement with such authorities has brought dividends to the ICSI and the profession. This has resulted in ICSI representatives being on various Committees/Groups including Dr. J J Irani Committee, National Advisory Committee on Accounting Standards (NACAS), Accounting Standards Board - ICAI, Cost Accounting Standards Board - ICWAI, Governing Council and the Board of Trustees of the National Foundation for Corporate Governance (NFCG), Indo-UK Taskforce on Corporate Affairs, Indo-UK Accountancy Task Force, Committee to administer Investor Education and Protection Fund (IEPF), The Associated Chambers of Commerce and Industry of India - Merger & Acquisition Council, Association of National Exchanges Members of India - Guidance and Legal Aid Committee and Education & Investors Awareness Committee (ANMI), Task force with regard to the Plan Budget of the MCA for the 12th Five Year Plan, Stakeholders’ Committee at MCA for ensuring continuous improvements in service delivery under MCA21, Consultative Evaluation Committee (CEC), MCA, Committee to identify the tax issues arising out of convergence between the Companies Act, 1956, IFRS, DTC and GST and matters related thereto , The New India Membership Development Committee of INSOL International, Working Group constituted in the area of Corporate Governance and Corporate Social Responsibility as per provisions of LOI signed between India-Netherlands, Committee of a group of Experts to examine the simplification of LLP Act, Rules and Approach/ Methodology for promoting LLPs, Committee to look into the issues of regulatory gaps, overlaps and complementarities in regulatory framework applicable to banking sector with reference to RBI, SEBI and IRDA, Dept. of Financial Services Govt. of India, GRI Taxonomy Review Team, Advisory Group to the GRI Focal Point India, Committee for follow-up of Action Points relating to Investor Related Issues, Committee to examine the existing Guidelines for processing of applications of Companies pertaining to Managerial Remuneration and to suggest suitable modifications therein and Adi Godrej Committee to formulate a Policy Document on Corporate Governance.

I have the honour of appearing before the Hon’ble Parliamentary Standing Committee as a part of ICSI delegation in respect of Examination of the Indian Trusts (Amendment) Bill, 2009; Examination of the Higher Education and Research Bill, 2011; Examination of Companies Bill, 2009; and Horizontal Study of Corporate Governance in Select CPSUs.

INFORMATION TECHNOLOGY INITIATIVES

The Institute has made significant achievement in leveraging of technology in its operations to provide better and faster value added service to its stakeholders including the following:

- E-Learning portal for the students which provides web based, video based and virtual
The following developments are noteworthy:

- **INFRASTRUCTURE DEVELOPMENT**

  Infrastructure development has always been the priority of the Council which reflects in both Vision 2010 and Vision 2020 documents of the ICSI. The recommendations of the Core Groups on Strengthening Infrastructure constituted by the Council from time to time are being implemented to strengthen the Infrastructure at Regional and Chapter offices. The following developments are noteworthy:
  
  - The total number of chapters have increased from 39 as on 31st March, 2003 to 68 as on 31st March, 2012.
  - The Institute currently has its own premises at 28 locations.
  - The total investment made in acquiring land (freehold + leasehold) and buildings made during the period is Rs.34.37 crores which is 81% of the total value of the land and buildings of the ICSI in its books as on date.
  - During the period new offices have been constructed for SIRO at Chennai, additional office space for WIRO at Mumbai, new offices for chapter offices at Coimbatore, Nagpur, Patna, Bhubaneswar, Lucknow, Hooghly and Mysore and land has been acquired for setting up of offices at Faridabad, Bhiwara, Udaipur, Hyderabad, Guwahati and Bangalore.
  - Process has been initiated to acquire land/offices at Shimla, Ajmer, Jammu, Srinagar, Gurgaon, Allahabad, Jodhpur, Kota, Vishakhapatnam, Kochi, Thiruvananthapuram, Madurai and Thane.
  - During the period the ICSI Headquarters at New Delhi and ICSI-CCGRT campus at Navi Mumbai have been completely renovated into modern offices with latest facilities. The offices of NIRO and WIRO are under renovation and proposal for renovation of EIRO is being finalized.

- **ORGANIZATION TRANSFORMATION AND HUMAN RESOURCE DEVELOPMENT**

  In order to transform ICSI into a world class organization which follows the latest management and HR practices, a high performance organization assessment was conducted which covered all the employees of the Institute including the Regional and Chapter Offices. About 185 employees participated in this assessment and about 100 employees including all HODs had one to one interaction with outside experts. Scores were taken and tabulated on the six organizational health parameters of leadership, directions, roles, systems, communication and relationships. The key findings of the assessment, the top ten issues and the action plan were shared with the employees. An Organization Re-invention Committee was formed to brainstorm ideas on how to improve trust and motivation in the organization. The Organization Re-invention Committee deliberated over the key issues thrown up by the organization assessment and made concrete suggestions to improve the work culture and motivation level of employees of the Institute.

  Structured training programmes for all the employees including the leadership team were conducted off-sight and on-sight which were followed by series of training programmes in the areas of positive thinking, self-motivation, accountability and ownership, communication skills, inter-personal relationships, customer orientation etc. based on employee feedback, needs and organizational objectives. The above initiative paid rich dividends. Series of "Change Management Workshops" were also organized to sensitize Team ICSI about the changed environment, systems and processes, work culture, increased stakeholders expectations and the results were found to be extremely positive.

  Team ICSI must be complemented for its wonderful, encouraging and positive response to this initiative which helped to transform ICSI as a dynamic and vibrant organization.

- **RECOGNITIONS TO THE PROFESSION**

  The profession received all-round recognitions from the Government and various regulatory authorities. Some of the important recognitions received during this
period are as under:

- Company Secretaries recognized as 'Key Managerial Personnel' along with CEO and CFO in the Companies Bill, 2011
- 'Secretarial Audit' made mandatory for bigger companies by a PCS in the Companies Bill, 2011
- Compliance of 'SS-1 on Meetings of the Board of Directors and SS-2 on General Meetings' issued by ICSI made mandatory in the Companies Bill, 2011
- PCS authorized to appear before Competition Commission of India and Competition Appellate Tribunal as authorized representative
- PCS to act as authorized representative before the Board of Approval under Special Economic Zones Rules, 2006
- PCS authorized to issue certificate of compliance of conditions of corporate governance under Clause 49 of the Listing Agreement
- PCS recognized by NSDL for conducting concurrent audit of its participants.
- PCS to issue Certificate regarding compliances by trading members for submission to NSE
- PCS to conduct Internal Audit of Portfolio Managers, Stock Brokers, Trading Members and Clearing Members on half yearly basis
- PCS to conduct Internal Audit for Credit Rating Agencies
- PCS recognized for Pre-Certification of e-forms under MCA-21 e-governance project
- PCS authorized to issue diligence Reports to all scheduled commercial banks in respect of companies assisted by banks through consortium/multiple banking arrangements.
- PCS authorized to appear before VAT authorities in 8 states
- Institute recognized under Investor Education & Protection Fund

DID YOU KNOW?
The Institute made strides in multiple areas during the period. An analysis of the data of the Institute regarding its financials, membership, students, manpower etc. brings out interesting information as shown below:

FINANCIALS

- The Income from members as a percentage to revenue remained almost static at 2.46% in 2011-12 as against 2.39% in 2003-04
- The Income from students has significantly risen to 73.81% in 2011-12 as against 56.27% in 2003-04
- An all-round reduction in expenditure as a percentage to total revenue in the year 2011-12 when compared to 2003-04, in particular, establishment from 24.79% to 13.21%, study material and others from 9.55% to 7.08%, publications from 1.63% to 0.38%, communications from 2.74% to 0.97%, travelling and conveyance from 2.61% to 0.82%, other expenses from 15.60% to 7.34% shows high level of financial discipline and optimum use of resources
- The surplus at 15% of the revenue in 2003-04 has shown a quantum jump and climbed to 48.48% of the revenue in 2011-12 which demonstrates outstanding performance of the Institute in last nine years.

ICSI Students Education Fund Trust

With a view to encourage and motivate economically backward and academically bright students to pursue the Company Secretarship Course, a Trust viz. "ICSI

COMPANY SECRETARIES
BENEVOLENT FUND (CSBF)

The membership of CSBF was 3981 on 31st March, 2003 and is 9568 as on 31st October, 2012 registering a growth of 140%. The corpus of the fund has registered a growth of 765% and increased from Rs.1.04,24,865 as on 31st March, 2003 to Rs.9,01,99,553 as on 31st October, 2012.

The financial assistance to the members of bereaved family of a member upto the age of 60 years in the event of his death has increased by 400% from Rs.1.00 lac to Rs.5.00 lacs and assistance on account of reimbursement of medical assistance and children education allowance have also been increased substantially.
Students Education Fund Trust was established in September 2009. The eligible students are fully exempted from paying the Registration / Admission/Postal Tuition/Exemption Fee for admission to Foundation / Executive Programmes and subsequently exempted from payment of fee for Executive / Professional Programmes based on their performance. The corpus of the Fund as on 31st October, 2012 is Rs.2,46,01,346.

**ICSI National Award for Excellence in Corporate Governance Fund**

With a view to strengthen the ICSI National Award for Excellence in Corporate Governance, a Fund was created in the Financial Year 2004-05 with a meager contribution of Rs.12,60,000. The ICSI has contributed generously to the Fund which now has a corpus of Rs.10,56,79,342 as on 31st October, 2012. It has enabled the Institute to meet all expenditure related to the above award from the resources of the Fund on self-sustained basis without seeking any advertisement/sponsorship support from corporates.

**ICSI Infrastructure Fund**

With a view to strengthen infrastructure across all offices of the Institute including Regional and Chapter Offices, an Infrastructure Fund was created during the Financial Year 2010-11 with a contribution of Rs.10 Crores. Additional contribution of Rs.15 Crores during 2011-12 and Rs.25 Crores during 2012-13 were made. A sum of Rs.12,94,13,916 has been utilized leaving a balance of Rs.26,20,85,908 as on 31 October, 2012.

**ICSI Employees Benevolent Fund**

The corpus of the Fund as on 31st March, 2003 was Rs.17,51,282. The Institute has contributed generously to the above Fund which has increased to Rs.1,73,22,510 as on 31st October, 2012. The financial assistance to the bereaved family of an employee member of the fund in the event of his death, reimbursement of medical expenditure and Children Education Allowance has been substantially increased since 2003.
processes. Therefore, it was critical to track these factors closely so as to be able to frame the right strategies and responses. The ICSI Vision 2020 framework is a conscious effort to make such assessment and devise suitable strategies and action plans to determine the pace and direction of the growth of the profession of Company Secretaries over the decade 2011-2020. Under the Chairmanship of Mr. Ravi Kastia, Group Executive President and Business Head, Aditya Birla Group and guidance of Dr. M B Athreya, Management Advisor, as Advisor to the Core Group, the ICSI Vision 2020 was finalized after detailed consultative process and released in December, 2011. The Mission and Vision Statements and the Core values as adopted by the Council and enshrined in ICSI Vision 2020 are as under:

Mission Statement:
The expectations derived from the stakeholders surveyed guided the formulation of the Mission Statement of the Institute as under:

“To develop the high calibre professionals facilitating Good Corporate Governance”

Vision Statement:
In line with its Mission Statement, the Institute adopted the following Vision Statement:

“To be a global leader in promoting Good Corporate Governance”

Core Values:
Core values are the expression of beliefs, followed by an individual, group or community in their personal or professional behavior, individually or collectively. The Institute has identified for itself and its members the following core values:

- Integrity
- Ethics
- Reliability
- Ownership
- Being Stakeholder centric

THRUST AREAS FOR NEXT DECADE
As the changing business and regulatory environment and the ever increasing expectations of stakeholders will be the norm in the future, it is extremely important not only to reshape and reposition the profession with long term vision and futuristic thinking but also to design and implement the action plan effectively, and in a timely way. Vision 2020 document of the Institute has identified the thrust areas for the next decade and accordingly the underlying objectives of the Institute in the next decade should focus on:

1. Meeting the expectations of the trade and industry in terms of value added services;
2. Sustaining the faith and trust of the Government and regulators through demonstrating the highest level of professionalism;
3. Providing leadership in the promotion of good corporate governance and corporate social responsibility; and to establish benchmarks of good Corporate Governance Practices at its Centre for Corporate Governance, Research and Training;
4. Enabling members in employment to become “Corporate Managers” occupying management positions involving frontline activities and decisions making processes;
The Institute has taken important green initiatives as stated below:

1. The system of sending hard copies of Results to the Examination Centres, Regional Councils/Chapters was discontinued and the results are sent through email from June, 2010.
2. The practice of dispatch of ‘Result-cum-Marks Statement’ for Foundation and Executive Programme Examinations in physical form had been discontinued and downloading E-Result-cum-Marks-Statements was introduced from June, 2011.
3. The system of sending hard copies of the admit card to the candidates was discontinued and the facility of downloading the same from the Institute’s website was introduced.
4. The system of sending hard copies of the annual reports of ICSI and CSBF to the members was discontinued and the annual reports are being sent to the members electronically and placed on the website of the Institute from 2011.
5. Every Wednesday has been declared a zero print day at ICSI.
6. Awareness campaigns have been initiated for conservation of water & energy, plantation of trees, reduction of paper consumption, to increase use of re-cycled products, proper disposal of redundant electronic goods, etc.

END NOTE

ICSI pursues its dreams with missionary zeal, converts its dreams into reality and thus dreaming and the process of realizing those dreams goes on. The implementation of strategies well outlined in ICSI Vision 2020 in an effective and time-bound manner is vital for achieving the Institute’s Vision and for translating its dreams into reality. The Council of the Institute, the Regional Councils, the Managing Committees of the Chapters and Team ICSI are dynamic, vibrant and fully committed for the growth and development of the profession of Company Secretaries and surely and certainly will implement, effectively and efficiently the strategies outlined in ICSI Vision 2020 to realize ICSI dreams in the decade 2011-20 as has been done during the decade 2001-2010. It is said that the road to progress is always under construction. This is truly real for ICSI as ICSI is always and constantly growing, developing and evolving as one of the best Institutes to deal with and it is a rare honour and privilege to have worked for such an esteemed institution.

I convey my gratitude to the successive Councils, Regional Councils, Chapters, Members, Students, Team ICSI, Government & Regulatory authorities, Bankers, Auditors and all other stakeholders of ICSI for their advice, guidance, support and co-operation during my tenure at ICSI from 1st July 2003 till 31st December 2012 and offer my greetings and good wishes for a Very Happy, Prosperous and Enjoyable Year 2013.

GREEN INITIATIVES

The Institute has taken important green initiatives as stated below:

- The system of sending hard copies of Results to the Examination Centres, Regional Councils/Chapters was discontinued and the results are sent through email from June, 2010.
- The practice of dispatch of ‘Result-cum-Marks Statement’ for Foundation and Executive Programme Examinations in physical form had been discontinued and downloading E-Result-cum-Marks-Statements was introduced from June, 2011.
- Every Wednesday has been declared a zero print day at ICSI.
- Awareness campaigns have been initiated for conservation of water & energy, plantation of trees, reduction of paper consumption, to increase use of re-cycled products, proper disposal of redundant electronic goods, etc.
Introduction

On 31st August 2012 the Supreme Court of India, in its landmark judgment in Sahara India Real Estate Corporation Ltd. and others v. Securities and Exchange Board of India and another [2012] 174 Comp Cas 154 (SC), directed two companies of the Sahara Group, Sahara India Real Estate Corporation Limited (SIRECL) and Sahara Housing Investment Corporation Limited (SHICL), to refund around Rs 17,400 crores to their investors within three months from the date of the order with an interest of 15% per annum.

SIRECL and SHICL offered for subscription Optionally Fully Convertible Debentures (OFCD) and collected between April 2008 and April 2011 over Rs. 17,656 crores, from about three crore investors. This was done pursuant to special resolutions passed under section 81(1A) approving the issue of OFCDs. For inviting investors to subscribe to the OFCDs, an Information Memorandum (IM) was circulated after it was filed with the Registrar of Companies, purportedly under section 60B of the Companies Act, 1956. But the IM described the issue as 'Private Placement Issue' and hence did not comply with the requirements applicable to the 'public issue' of securities.

On investigation, a Whole-time Member of SEBI passed an order on 23 June 2011 directing the two companies to refund the money so collected to the investors and also restrained the promoters of the two companies from accessing the securities market till further orders. In the appeal that Sahara preferred before the Securities Appellate Tribunal (SAT) against the order of the Whole-time Member, the SAT confirmed and maintained the order of the Whole-time Member by an order dated 18th October, 2011. Subsequently Sahara filed an appeal before the Supreme Court against the SAT order. The Supreme Court confirmed the findings of the SAT and asked SEBI to probe into the matter and find out the actual investors who had subscribed to the OFCDs.

In a landmark ruling the Supreme Court recently held that the Optionally Fully Convertible Debentures issued by two Sahara Group Companies was a public offer and hence fell within the purview of SEBI Regulations and since the company failed to comply with relevant SEBI Regulations the amounts collected were directed to be refunded. The implications of this ruling are analysed here threadbare.

Supreme Court's decision in Sahara India Real Estate Corporation Ltd v. SEBI

The lesson to learn from

* Past President, The Institute of Company Secretaries of India.
The cardinal rule of interpretation of statute is to construe its provisions literally and grammatically giving the words their ordinary and natural meaning. It is only when such a construction leads to an obvious absurdity which the Legislature cannot be supposed to have intended that the Court in interpreting the section may introduce words to give effect to what it conceives to be the true intention of the Legislature.

One of the issues for determination before the Supreme Court was whether the OFCD issue was a a public issue or whether it was private placement issue so as not to fall within the purview of SEBI Regulations and various provisions of the Companies Act, 1956. This was the most controversial and momentous issue and the Supreme Court extensively discussed it in the context of the provisions of section 67 of the Companies Act,1956 and held that although the intentions of the two companies were to make the issue of OFCDs as a private placement issue, their actions were incompatible with and contrary to their intentions and in the process the provisions of section 67(3) were violated.

The Sahara judgment is vital not only to companies and professionals (in particular company secretaries) but also to the regulatory authorities and merchant bankers, because it has dealt with several other provisions of the Companies Act,1956 and SEBI Act & Regulations concerning issue of securities and especially, the key provision, that is section 67, which concerns all types of companies including private companies.

**DIFFERENCE BETWEEN 'ISSUE/OFFER' AND 'ALLOTMENT'**

The cardinal rule of interpretation of statute is to construe its provisions literally and grammatically giving the words their ordinary and natural meaning. It is only when such a construction leads to an obvious absurdity which the Legislature cannot be supposed to have intended that the Court in interpreting the section may introduce words to give effect to what it conceives to be the true intention of the Legislature.1

The First Proviso to section 67(3), it is worth noting, applies to ‘offer’ or ‘invitation’ and not to ‘allotment’. There is no (and there cannot be) reference to allotment. The Proviso specifically uses the word ‘offer’ which cannot be ignored nor can it be treated as a synonym of ‘allotment’. It was held in an English case that the words ‘creation’, ‘issue’ and ‘allotment’ are used with the three different meanings familiar to business people as well as to lawyers. There are three steps with regard to new capital; first it is created; till it is created the capital does not exist at all. When it is created it may remain unissued for years, as indeed it was here; the market did not allow of a favourable opportunity of placing it. When it is issued it may be issued on such terms as appear for the moment expedient. Next comes allotment.2

As held by the Supreme Court shares of a company come into existence on the evolution of a process which begins with the creation of shares and ends with the allotment thereof; the intermediary step is that of ‘issue’ of the shares; it is on ‘allotment’ of shares that the shares come into existence.3

Accordingly, if an ‘offer’ or ‘invitation’ has been made to 50 or more persons, such offer or invitation will amount to a public offer/invitation and will, therefore, not remain within the purview of the substantive provision of sub-section (3). This number is relevant in respect of any one single offer of shares, even if it is made over a period of time.

Notably, section 67 and, most provisions of the Companies Act,1956 concerning issue of securities, prefer the word ‘offer’ or ‘invitation’ rather than ‘issue’ although popularly the expressions ‘public issue’, ‘private placement issue’, ‘rights issue’, etc are in vogue. The word ‘issue’ is used to denote the ordinary meaning of the word, i.e. a quantity of something that is officially offered for sale or put into circulation at one time; to put out; deliver for use, sale, etc.; put into circulation. The correct terms in the context of provisions of the law (in particular, section 67), however, should be ‘public offer’, ‘private (placement) offer’ and ‘rights offer’. The word ‘offer’ used in the context of formation of a binding contract of taking shares has a different connotation that the word ‘offer’ in the expression ‘offering shares’. The expression ‘offering shares’ means presenting shares for subscription by making it known to the person to whom they are offered that he may take the shares and subscribe for them and thereby become a shareholder of the company. In terms of law of contract it is merely an invitation for getting offers for subscription for shares made by prospectus or any other document or even orally.

In fact, the expression ‘issue of shares’ has been interpreted by the UK’s Supreme Court as meaning not only the passing of a resolution or making of an offer or receiving applications for subscribing to the shares, but it is something more than that, and it contemplates the process of an application followed by allotment and notification and completed by entry on the register; the term ‘issue’ in relation to shares means something distinct

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2 Mosely v. Koffyfontein Mines Ltd. (1942) I Ch. 235; see also Re Florence Land and Public Works Co. (1885) LR 29 Ch. D 421.
from allotment and imported that some subsequent act had been done whereby the title of the allottee had become complete.4

Anatomy of section 67: The 'public offer' versus 'private offer' imbroglio

When a company wishes to raise fresh capital by issuing shares, there are a number of factors it should consider; among these will be the method of marketing the securities, technically called offering securities by different methods.

While a listed public company may make a public offer, rights offer or private (placement) offer, an unlisted company may resort to a public offer (if it wants to get listed), rights offer or private placement offer. A private company which is a subsidiary of a public company may make a public offer (if it wants to get listed), rights offer or private placement offer, and a private company which is not a subsidiary of a public company, may raise capital through rights offer or private placement offer (depending upon provisions in its articles of association).

Section 67 of the Companies Act lays down the criterion for construction of references to offering shares or debentures to the public, etc. In other words, this section provides an aid to determine as to when an offer or invitation for subscribing for securities can be said to be one to the public and when it is not. An offer which is not a private placement offer would be deemed to be a public offer. Broadly, an offer to subscribe to shares or debentures to the public at large or to any section of the public would be treated as a public offer if it is intended to invite anybody or it is made in such a way that anybody who wishes to invest can do so or, if he does not so wish, he can renounce the offer made to him. Thus, the offer is not restricted only to specific persons; it does not remain a 'domestic affair'; on the contrary, it turns out to be a 'public affair'.

Sub-sections (1) and (2) of section 67 lay down a test to determine what public offer or public invitation is and sub-section (3) lays down a test to determine what is private placement. While sub-section (1) deals with the case of "offering shares or debentures to the public", sub-section (2) deals with the case of "invitations to the public to subscribe for shares or debentures shall". There is no definition of either of these two expressions. What section 67 really seeks to do is to explain in sub-section (3) as to when an offer or invitation shall be treated as not made to the public, and thereby let a company determine whether what it is doing falls under sub-section (1) and/or (2) or sub-section (3). Thus, once you reach the conclusion that the offer does not fall under sub-section (3), it is axiomatic that it falls under sub-sections (1) and (2). This is sought to be done by a statutory fiction by reason of the words in sub-section (3), namely "No offer or invitation shall be treated as made to the public by virtue of sub-section (1) or sub-section (2)."

According to sub-section (3) of section 67, an offer or invitation would not be regarded as a public offer if it can properly be regarded, in all the circumstances-

(a) as not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation; or

(b) otherwise as being a domestic concern of the person making and receiving the offer or invitation.

By the Companies (Amendment) Act 2000, below sub-section (3) two provisos set out below were inserted:

"Provided that nothing contained in this sub-section shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more:

Provided further that nothing contained in the first proviso shall apply to the non-banking financial companies or public financial institutions specified in section 4A of the Companies Act, 1956."

The effect of the First Proviso is that an offer of securities ceases to be a private placement offer when such securities are offered to fifty or more persons. Conversely, an offer is a private placement offer if the securities are offered to fewer than 50 persons.

It is a well-settled principle of interpretation of a proviso in a statute that the proper function of a proviso is to qualify the generality of the main enactment or provision by providing an exception and taking it out as it were, from the main enactment, a portion which, but for the proviso would fall within the main enactment. A proviso usually carves out an exception to the main enactment and exclude something which otherwise would have been within the section.5

The effect of this Proviso is that regardless of what is stated in sub-section (3), an offer for subscription to shares or debentures by any company shall be regarded as a public offer if it has been made to 50 or more persons, even if it is of domestic concern or proved that the shares or debentures are not available for subscription or purchase by persons other than those received the offer or invitation, and if such offer or invitation is made without complying with the provisions of the 1956 Act concerning prospectus and listing and of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, there would be breach of all those provisions of the 1956 Act and also of the Regulations. Such an offer could be branded as a public offer made without complying with the requirements applicable to public offer.

Judicial view on meaning of "offering shares or debentures to the public"

The basis of public offer/invitation in terms of section 67 is

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5 CIT v. Indo Mercantile Bank Ltd. AIR 1959 SC 713.
"offering shares or debentures to the public". By section 2(36) of the Companies Act, 1956 "prospectus" is defined as any document described or issued as a prospectus and includes any notice, circular, advertisement or other document inviting offers from the public for the subscription or purchase of any shares in, or debentures of, a body corporate.

It can be noticed that the term "prospectus" is defined very widely to cover in its sweep any notice, circular, advertisement or other document. But it is qualified by the expression "inviting offers from the public for subscription or purchase of any shares in, or debentures of, a body corporate". Thus, a prospectus is an invitation made to the public, inviting offers from the public for subscribing to any shares or debentures of a company. A private company cannot make any invitation to the public to subscribe for any shares in, or debentures of, such company.

The word "public" has been given very wide connotation by sub-section (1) of section 67 by bringing in its fold "any section of the public, whether selected or not as members or debenture holders of the company concerned or as clients of the person issuing the prospectus or in any other manner." This provision places it beyond doubt that a letter or circular addressed by the company either to the public at large to any selected group of people so as to offer for subscription, or inviting them to subscribe for, the company's securities would amount to offer/invitation to the public. It also indicates that offering securities by a company to its members or debenture holders in a rights offer would also amount to offering them to the public (though this has been excluded from the requirement of prospectus by section 56).

When an offer for subscribing for securities is not a public offer in terms of sub-section (3), it is called 'private placement' of offer. But what the section 67 really lays down is that an offer which is not a private placement offer would be deemed to be a public offer. Broadly, an offer to subscribe to shares or debentures to the public at large to any section of the public would be treated as public offer if it is intended to invite anybody or it is made in such a way that anybody who wishes to invest can do so or, if he does not wish, he can renounce the offer made to him. Thus, the offer is not restricted only to specific persons; it does not remain a 'domestic affair'; on the contrary, it turns out to be 'public affair'.

While according to the definition of 'prospectus' (which includes any document even if it is not designated as prospectus), inviting offers from the public for the subscription or purchase of any shares or debentures is a condition for a document being treated as prospectus, section 67 postulates offering shares or debentures to the public or invitation to the public to subscribe for shares or debentures for the offer or invitation being treated as a public offer/invitation, and both the sub-sections (1) and (2) bring an offer or invitation to any section of the public within the ambit of public offer/invitation. Notably, section 67 nowhere refers to 'prospectus' and makes it a condition that an offer or invitation must be by prospectus. Then, section 56 requires every prospectus issued to state the matters specified in Part I of Schedule II and set out the reports specified in Part II of that Schedule. Both section 2(36) and 56 require a prospectus to be 'issued'.

It was said by Lord Hailsham L.C. in Nash v. Lynde in order to bring section 81 into operation it was not necessary to prove that a prospectus had been published to any defined number of persons but it was sufficient to bring section 81 into operation that the prospectus in question should be proved to have been shown to any person as a member of the public and as an invitation to that person to take some of the shares referred to in the prospectus.

Viscount Sumner dwelt upon the expression 'issue' in the context of prospectus in the following words:

*I do not think that the term is satisfied by a single private communication between friends, even if they are business friends, or even though preparations have been made for other documents to be used in other communications, if none such take place. In the present case all that constituted the "issue" was that one of the directors, in the course of a general endeavour to find money, was furnished with some copies of these typewritten documents and gave one of them to a friend who, as requested, passed it on to a friend of his own. I cannot believe that any one in business would call this the issue of a prospectus. … Though literally it is true that the issue is not expressly said in the section to be an issue to the public, I think that it must be so in substance, as of the English Companies (Consolidation) Act 1908 (corresponding to Section 56 of the Companies Act 1956). Section 81 also uses the word 'issued' in relation to prospectus.*
otherwise any private letter, written by a person engaged in forming a company and advising his correspondent to take shares, would become an issued prospectus if other letters were written by him asking others to do the same."

A company offering shares to selected persons cannot be said to be extending an invitation to buy shares to the public. An offer of shares to an individual as such is not within the prohibition of the word public as used in this section. Accordingly, the number of persons who constitute members of the section of the public to whom the offer is given, is not material. What is material is who is entitled to accept it; if anyone who brings money and applies for the shares or debentures offered, regardless of whether the offer was made to him or not, it is a public offer.

Where the articles of association of a private company authorised the directors to offer and issue further shares to the existing shareholders in the same proportion in which they held the shares, the articles cannot be read to mean that the directors are prohibited from offering and issuing further shares to outsiders if the existing shareholders decline the offer. The article is permissive and not prohibitive.

An offer by a private company to a few of the directors' friends, relatives, business associates, etc. will not be deemed to be offer to the public, provided that the offer does not result in being available to a person other than the person to whom the offer is addressed.

As fittingly explained in the Palmer's Company Precedents, "What is an offer to "the public" cannot be definitely stated. The Act contains no definition, and an offer "to the public" is not a technical expression: it should therefore be read in its popular sense. Now, in common parlance, an offer to the public signifies an offer made by advertisement or circular to the general public, or some section thereof, as distinguished from an offer made privately, that is, to a select and small circle of friends, customers or connections. Thus, where a business is converted into a private company, shares offered by the vendors to their friends, relatives, business associates, etc. will not be deemed to have been offered to the public. In such cases it is common to announce publicly that "none of the shares will be offered to the public, the whole having been taken up by the vendors and their friends and customers."

In one case a company being in want of further capital, a document was prepared by the appellant, who was the managing director, and signed by the other directors, stating the position of the company, that it was proposed to issue 20,000 preference shares, and giving an estimate of the profits after the new capital was available. Attached was an application form for preference shares. A second document was also prepared by the appellant, written on the company's paper and addressed to a fellow director, marked "Strictly private and confidential", which, after setting out the amount of nominal and issued capital, stated the purposes for which the additional capital was required, and concluded thus: "I shall be very happy to discuss this proposition in all its details with any one who is really interested". Attached was a form of application for ordinary shares. Several copies of these documents were given to the respondent, who, in turn, sent them to the respondent, who, on the faith of the statements, subscribed for 3000 ordinary shares. A second document was also prepared by the appellant, written on the company's paper and addressed to a fellow director, marked "Strictly private and confidential", which, after setting out the amount of nominal and issued capital, stated the purposes for which the additional capital was required, and concluded thus: "I shall be very happy to discuss this proposition in all its details with any one who is really interested". Attached was a form of application for ordinary shares. Several copies of these documents were given to the respondent, who, in turn, sent them to the respondent, who, on the faith of the statements, subscribed for 3000 ordinary shares.

While a listed public company may make a public offer, rights offer or private (placement) offer, an unlisted company may resort to a public offer (if it wants to get listed), rights offer or private placement offer. A private company which is a subsidiary of a public company may make a public offer (if it wants to get listed), rights offer or private placement offer, and a private company which is not a subsidiary of a public company, may raise capital through rights offer or private placement offer (depending upon provisions in its articles of association).
section 2(36) of 1956 Act) Viscount Sumner said:

"The public, in the definition in section 285, is of course a general word. No particular numbers are prescribed. Anything from two to infinity may serve: perhaps even one, if he is intended to be the first of a series of subscribers, but makes further proceedings needless by himself subscribing the whole. The point is that the offer is such as to be open to any one who brings his money and applies in due form, whether the prospectus was addressed to him on behalf of the company or not."

It is worth noting here that as against Nash v. Lynde, in Sahara, there was proof of the fact that IM offering the OFCDs was issued to the public. It was noticed that IM was issued through 10 lac agents and more than 2900 branch offices to more than 30 million persons inviting them to subscribe to the OFCDs which amounted to invitation to public.

Private placement of shares or debentures
Sub-section (3) of section 67 lays down the test for an issue to be treated as a private placement issue. In Sahara, both the Judges dwelt upon these provisions of section 67. One of the Judges (Jagdish Singh Khehar J.,) explained the import of the provisions as follows:

"Section 67(3) ... provides for an exception to the meaning assigned to the phrase "to the public" (under sub-sections (1) and (2)...). In this behalf section 67(3) delineates two categories of invitations/offers which would not be treated as invitations/offers, "to the public". Clause (a) of section 67(3) mandates, that an offer/invitation which forbids a right of renunciation in favour of others would "not" be treated as an invitation or offer "to the public". And clause (b) of section 67(3) similarly provides, that an invitation/offer made as a matter of a domestic arrangement, between the persons making and receiving the invitation/offer, would also "not" be considered as an invitation/offer "to the public". The first proviso under section 67(3) ... limits the instant exceptions, contemplated under clauses (a) and (b) of section 67(3) only to situations where the invitation/offer is made to less than 50 persons. Even though, clauses (a) and (b) of sub-section (3) of section 67 of the Companies Act, are an exception to sub-sections (1) and (2) of section 67 thereof, yet it must be clearly understood, that a mere fulfillment of the yardstick defining the exception (under clauses (a) and (b), aforesaid) would not bring the issue under reference out of the scope of the term "to the public". For that, it is essential to also satisfy the requirement of the proviso under section 67(3) i.e., the number of subscribers should not exceed 49. Only on the satisfaction of the twin requirements, delineated above, the issue/offer will "not" be treated as having been made "to the public".

Section 67 is almost identical with section 55 of the English Companies Act, 1948, do recognize the concept of 'private placement' of shares without making any public offer or public invitation for subscribing to the shares issued. The phrase 'private placement' is not used or defined in the 1956 Act. It has seemingly been derived from the word 'placing' in the context of issue of securities which was in vogue long ago denoting the sale by a company to a financial institution or a broking house of shares, bonds etc. for distribution, or to a selected group of individuals or institutions without offering them to the public by advertisement. The placing may not be by any broking house or other agent of a company; it may be done by the company itself in which situation it is called 'private placement'. The 'private placement' is described as the act of selling shares etc. to a group of investors directly without offering them openly on a financial market. It is not a legal term; it is a popular term, but it is used to denote what is differently stated in the two clauses (a) and (b) of section 67. In a loose sense, this phrase denotes the practice of offering shares privately. In other words, broadly speaking, an issue of shares without offering them to the public may be said to be an issue made by private placement, the main feature being that no prospectus is issued for offering the shares to the public or inviting the public for subscribing to the shares so offered. This mode of issuing shares is not prohibited under the 1956 Act, even in the case of public companies provided, of course, it does not contain the elements of public offer or public invitation to subscribe to the shares issued. In fact, there is no compulsion for offering shares to the public by prospectus when a company intends to raise share capital.

While recommending the insertion of a provision corresponding to section 55 of the English Act, 1948 (which was subsequently enacted as section 67), the Company Law Committee (1952) observed as follows:

"One of the methods by which savings are attracted from the public is through "placings" by a broker's or issuing office or investing syndicates. While it will be hard to provide statutorily that every placing must be deemed to be an offer for sale, such placings as are to all intents and purposes "offers to the public" should be brought indubitably within the provisions of the Act ... The object of this section is to cover such placings".

This concept is wholly dear to the issue of shares by a private company or a deemed public company which is, by virtue of the provisions of section 3(1)(iii)(c) of the 1956 Act, prohibited from making any invitation to the public to subscribe for any shares in, or debentures of, the company; but the said concept is not wholly alien to a public company which is not so prohibited.
who is not an existing shareholder cannot amount to public offer. In the Rattan Singh case, it was argued that an offer of shares to any person other than the existing members of the company is tantamount to an invitation to the public to subscribe for shares, where the directors of a private company had offered new shares to persons other than the shareholders who had declined the offer. Rejecting that argument having regard to the provision in section 67(3), the court held that such an offer cannot be said to be an offer made to the public. The court referred to the provision in clause (a) of subsection (3), according to which an offer not being calculated to result, directly or indirectly, in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation is not a public offer, and said:

"The word "calculated" suggests design, forethought, or intention to accomplish a purpose. "Calculated" primarily means to compute mathematically, but when applied to a human action it is used in the sense of, to intend, to design, to plan, or to adapt, to achieve a purpose. ... offer to one's kith and kin cannot be considered to be an invitation to public. An offer to buy shares made to an individual as such is not within the prohibition of the word "public" as used in section 67 of the Act. Where a company offers shares to selective persons, it cannot be said to be extending an invitation to by shares to the "public". In all cases the determination of the question of an offer being made to the public, depends upon the facts and language of the notice on the particular circumstances of each case. If the attitude as has been adopted by the petitioners in this case, can be deemed to be permissive in law, then it will be virtually impossible for a company to increase its capital where the existing shareholders are unwilling to purchase shares, or debentures of the company, even if the total number of its members is much below 50.*

Commenting on public offer vis-à-vis private placement, Palmer says: "Whether the procedure of placings requires a prospectus in the legal sense cannot be answered generally. The definition of an offer of shares or debentures to the public in section 55(1) of the 1948 Act is sufficiently wide to include this procedure: the sub-section refers expressly to "any section of the public, whether selected ... as clients of the person issuing the prospectus or in any other manner". The answer depends on the facts surrounding the placings; if the placings are to a small closely restricted circle of select investors, they will fall within section 55(2) and no prospectus is required, but if the placings are to a wide clientele of the allottees who by way of a circular letter or a similar general communication draw the attention of their clients to the availability of the shares or debentures as an investment, this is no longer the "domestic concern of the persons making and receiving" the invitation [Section 55(2)], and the placings would have to satisfy the requirements of a prospectus".

Consequently, where an issuing house places the whole or part of a new issue privately with a few institutional investors, e.g. pension funds, which have agreed to hold the securities as long-term investments, the issue would not appear to be made to the public. "These provisions make it clear that the issue is not to the public if - (a) it is directed to specified persons; and (b) it is not "calculated to result" in the shares or debentures becoming available for subscription or purchase by persons other than those receiving the offer or invitation."

An offer by a promoter to a few of his friends, relations, and customers was held not to be an offer to the public. An offer upon the reconstruction of a company, of shares in the new company to the members of the old company in respect of their shares in that company was held not to be an offer to the public.

In Government Stock and Other Securities Investment Co Ltd v. Christopher Wynn Parry J accepted the proposition that "the test is not who receives the circular, but who can accept the offer put forward". He said

"I am further of opinion that the circular was not distributed to the public. I accept the proposition put forward by counsel for the defendants, namely, that the test is not who receives the circular, but who can accept the offer put forward. In this case it can only be persons legally or equitably interested as shareholders in the

14 Rattan Singh v. Managing Director, Moga Transport Co Ltd [1959] 29 Comp Cas 165 (Punj); AIR 1959 Punj 196.
17 Sliegh v. Glasgow and Transvaal Options (1904) 6 F 420
18 Booth v. New Africander Co (1903) 1 Ch 295
shares of Union-Castle or Clan. In the case of those who accept non-renounceable letters of allotment will be issued. In these circumstances the case appears to me to fall within Section 55(2) of the Companies Act, 1948.25

An invitation restricted to the employees of the company numbering 22,500 was held not be an invitation to the public.27 When a special resolution is passed under section 81(1A), the further shares can be offered either as an offer to public or in any other manner as may be indicated. When the manner of such offer of shares is restricted to a select group (as distinguished from the general public), however large they may be, it ceases to be an offer to public. The offer containing such an offer cannot be deemed to be a prospectus.28

If a prospectus addressed to the general public, or to a section of the public, is published, that no doubt constitutes an offer to the public, even though none of the public come in; but possibly if this offer is made without any intention to let the public take up any of the shares (e.g., as where the shares were already taken firm), it might be found as a fact that there was no real offer to the public.29

The provisions of section 67(3) are interpreted strictly and therefore, if the company sends the offer to Mr. X and the offer is accepted by Mrs. X to whom the allotment is finally made, it could deem to be a public offer necessitating compliance of requirements of the prospectus. This exercise is, therefore, to be undertaken with great caution. In practice, therefore, till recently the companies hardly took any recourse to this mode of private placement of their securities.

In July 1992 the then Department of Company Affairs, had warned companies and their promoters/directors of violation of section 67(3) by issuing shares in the guise of 'private placement'. It stated in a circular: "It has come to the notice of the Government that some companies utilise the services of brokers and other intermediaries for private placement of equity shares, out of promoters’ quota or otherwise, insert advertisements in the print media and also mass-mail literature/material/brochures superscribed by the caption "Confidential/For private circulation only". It is also noticed that the rights of renunciation are floated in the market by the companies themselves, charging unofficial premia from the investing public."33

It warned that in view of the provisions of section 67(3) such offers cannot be treated as private placement and provisions relating to prospectus under the 1956 Act were applicable and making so-called private placement of shares would invite penal action under the Act.34

**Does "private & confidential" string help?**
The OFCDs issue in Sahara was attempted to be saved from the attack that it was a public offer, by attaching a string of "private and confidential and not for circulation" in the IM, obviously trying to bring it within the ambit of clause (a) or (b) of section 67(3). With this end in view, the IM said:

"This issue is purely on the private placement basis and the company does not intend to get these OFCDs listed on any of the Stock Exchanges in India or Abroad. This Memorandum for Private Placement is neither a Prospectus nor a Statement in Lieu of prospectus. It does not constitute an offer for an invitation to subscribe to OFCDs issued by Sahara India Real Estate Corporation Limited."

That, however, could not save the offer from being treated as a public offer, for, as the Supreme Court pointed out, the intentions and actions did not match and it could not shake off the shackles of section 67(1).

On this point, an old English decision, which was not referred to in Sahara case, is worth taking note of.35 In February 1910, a prospectus was issued on behalf of a company headed "for private circulation only", but also containing a statement that it had been filed with the Registrar of Joint Stock Companies. It was stated that this prospectus was distributed by the promoter only to shareholders in certain gas companies in which he was interested, and not more than 3000 copies were sent out. The court held that the prospectus did offer shares to the public within the meaning of section 285 of the Companies (Consolidation) Act, 1908, by which ‘prospectus’ was defined as any prospectus, notice, circular, advertisement, or other invitation offering to the public for subscription or purchase any shares or debentures of a company, and none the less because copies were sent only to shareholders in gas companies who were the most likely subscribers.

The act of filing of the prospectus was later stated to be a mistake. Notably, in Sahara too the IM was filed with the Registrar of Companies, purportedly (but wrongly) under section 60B of the Companies Act, 1956. On the contrary, where the company had printed a prospectus with a remark "strictly private and confidential: not for publication", it was held that it was not an offer to the public.36

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25 Corresponding to Section 67(3) of the Companies Act, 1956.
28 Clarification issued by the Department of Company Affairs.
Is compliance with section 60B necessary when there is no public offer?
Since the two companies issuing OFCDs had filed and issued an IM, one of the questions before the Supreme Court was whether section 60B is applicable to an offer of securities by an unlisted public company. The answer is, yes but only when a listed co. makes a public offer or an unlisted co. proposes to make a public offer. The Supreme Court held that Section 60B enables a public company making an issue of securities to circulate Information Memorandum (IM) to the public before filing the prospectus. Section 60B(9) deals with two categories of companies: (A) listed public company; (B) other unlisted public company which intends to offer securities to the public and get listed. Section 60B(1) casts no obligation to issue an IM unless the company wants to get listed.

Section 60B(1) casts no obligation to issue an IM. It is open to a public company making an issue of securities to circulate the IM to the public before filing a prospectus for assessing the demand and price which public would be willing to offer.

But at the same time the offer must be a private placement offer in true sense and not a public offer under the guise of private placement offer or a surreptitious public offer.

Back to Sahara: the lesson
In Sahara Supreme Court held that section 67(3) specifically mentions that when any security is offered to and subscribed by more than 49 persons it will be deemed to be a public offer and therefore SEBI will have jurisdiction in the matter and the issuer will have to comply with the various provisions of the legal framework for a public offer. Although the two companies contended that the offer was not governed by the first proviso to section 67(3) (because they complied with section 60B and the IM specifically stated that the OFCDs were offered only to those related to the Sahara Group and there was no public offer), that was not correct. As the companies elicited offers from the public investors for subscribing to the OFCDs through the IM under section 60B of the 1956 Act, which is only meant for public offers, the offer did not remain a private placement offer. Since the two companies not only circulated the IM to over three crore persons, they also used the services of “introducers” to invite people to subscribe to the OFCDs, the offer was not meant for persons related or associated with the Sahara Group because in that case an introducer would not be required.

In any case, since more than 49 persons were offered the OFCDs (or more than 49 persons were invited to subscribe), the actions of the two companies clearly showed that they had offered securities to the public in the garb of a private placement, thereby bypassing the various provisions of the 1956 Act and SEBI Regulations as applicable to public offers. The two companies had offered securities to more than the threshold statutory limit fixed under the first proviso to section 67(3) and hence it violated the listing provisions attracting civil and criminal liability. The offer of OFCDs through circulation of IM to the public attracted the provisions of section 60B of the Companies Act, which required filing of prospectus under section 60B(9) and since the companies did not come out with a final prospectus on the closing of the offer and failed to register it with SEBI, there was violation of section 60B of the 1956 Act also.

Will Sahara judgment help set at rest all controversies on section 67?
While the Sahara judgment is likely to clear most of the doubts and misgivings about the effect of the first proviso to section 67(3), there is still a need for more clarity about it inasmuch as there has been a great deal of confusion due to a variety of views taken by both the SEBI and MCA about its correct interpretation and many Registrars of Companies hold a view not warranted by the proviso. For example, some Registrars are of the drastic and draconian view that in no case an unlisted public company can make allotment to 50 or more persons thereby indicating that in its whole life an unlisted public company cannot offer shares to more than 49 persons without making a public offer and some Registrars hold the view that in a rights offer if a company allots shares to the renouncers and the number exceeds 49, the proviso is violated. This latter view is also said to be held by SEBI officers. This state of affairs is agonizing and only shows that we cannot make a clear and unambiguous law. Instead of limiting the offer to 50 so as to bring an offer within the ambit of ‘public offer’ what really needs to be done is to mandate rigorous disclosure requirement by prescribing a form which must be provided by the company to the investors.

The jurisdiction conflict
There has also been jurisdiction conflict and both SEBI and MCA have been struggling to reconcile it in spite of section 55A laying down jurisdiction of both the authorities. In Sahara the Supreme Court clarified that when an offer is made by an unlisted company to more than 49 people without complying with the requirement regarding public offer, SEBI assumes jurisdiction. But the offer as to who has jurisdiction in the case of an unlisted company making a rights offer with the right of renunciation resulting into allotment to more than 49 people is still a nebulous issue.

In Kunnamkulam Paper Mills Ltd v. SEBI [2012] 174 Comp Cas 149 (Kar) an unlisted public company, declared a rights offer of shares to its shareholders with an option to the shareholders to renounce the shares in favour of any other person and allotted equity shares to 163 persons. The Registrar of Companies issued a show-cause notice to the company on the ground that in terms of section 67, shares could not be privately placed to more than 50 persons without issuing a prospectus for such issue or without complying with the guidelines issued in that respect. The company filed an application for compounding the offence before
the Company Law Board and later withdrew the application. Thereafter the SEBI issued a notice to the company asking it to show cause why action should not be initiated under sections 11 and 11B of the Securities and Exchange Board of India Act, 1992. An order was passed holding that the rights issue was an offer made to 50 or more persons and amounted to a public offer and it was to be regarded as a public issue made by the company in violation of the guidelines. The order was challenged by the company and its director, *inter alia*, on the ground that the Board had no jurisdiction to pass the order. The Karnataka High Court set aside the SEBI’s order on the ground of jurisdiction in the light of the provisions of section 55A of the 1956 Act, but did not dwell upon the question whether the first proviso to section 67(3) was violated by the company.

**Does the right of renunciation in a rights offer constitute the rights offer a public offer?**

There is no consensus among writers and experts, and there does not appear to be a reported decision of a court, on this question though in terms of Section 81 the right of renunciation does not take away the issue from domain of ‘rights offer’; despite the right of renunciation the rights offer nonetheless remains a rights offer. In 1957, the Company Affairs Department had issued this clarification: “The issue of further shares by a company to its members with the right to renounce them in favour of third parties does not require the issue or registration of a prospectus.”27

Section 56 of the Companies Act, 1956 excludes the issue to the existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favour of the persons. [see section 56(5)(a)].

However, section 67 provides a cue as to what is, and what is not, a ‘public offer’ of shares or debentures and its sub-section(3) indicates that where the rights shares are offered only to the members of the company but the offer carries the right to renounce the shares by the member receiving the offer to any other person, that would be offer as being calculated to result in the shares or debentures so offered becoming available to the persons other than those receiving the offer, thereby bringing the case of rights offer carrying the right of renunciation within the ambit of ‘public offer’. This is the view expressed by Palmer in the context of the provisions of the English Companies Act which are *pari materia* with the Indian Act; see ssection 38 and 55 (Palmer’s Company Law, 23rd edn, pp. 225 to 227).

In the context of the right to renounce the shares as contemplated in section 81(1)(c), the Supreme Court has held in *Needle Industries (India) Ltd v. Needle Industries Newey (India) Holding Ltd* (1981) 51 Comp Cas 743 (SC), that the right to renounce the shares by the members of a public company which has become such under section 43A28 would result directly in the infringement of the article relating to the matter specified in section 3(1)(iii)(b) of the Act, (i.e. the limit on the number of members of a private company), because under section 81(1)(c), the offeree is entitled to split the offer and renounce the shares in favour of as many persons as he chooses, depending partly on the number of shares offered by the company to him. “The right to renounce the shares in favour of any other person is also bound to result in the infringement of the article relating to the matter specified in section 3(1)(iii)(c) (i.e. prohibition against an invitation to the public to subscribe for any shares or debentures) because an offer which gives to the offeree the right to renounce the shares in favour of the non-member is, in truth and substance, an invitation to the public to subscribe for the shares in the company”, said the Supreme Court.

Despite the difference of opinions, the fact remains that a rights offer with the right of renunciation is not treated, either by the issuer companies or by the regulatory authorities (including MCA and SEBI), as either a public offer or a private placement offer.

**Does allotment of unsubscribed shares in rights offer constitute ‘private placement offer’?**

As in the case of a rights offer with the right of renunciation, so in the case of a rights offer with the right given to the Board in accordance with the provision in section 81(1)(d) (to dispose of unsubscribed shares in such manner as they think most beneficial to the company) also cannot constitute either a public offer or a private placement offer, even if the allottees of such shares happen to be ‘outsiders’ or ‘strangers’, not being existing shareholders of the company.

Section 81 permits offering of further shares to persons other than existing members of the company. This is, however, permissible subject to compliance with the conditions laid down in section 81(1A). However, even section 81(1A) does not deprive a rights offer from its status as such despite the right given to the board of directors to dispose of unsubscribed shares in such manner as they think most beneficial to the company also cannot constitute either a public offer or a private placement offer, even if the allottees of such shares happen to be ‘outsiders’ or ‘strangers’.

In *Kunnamkulam Paper case* (cited above) this very question had arisen; however, the Karnataka High Court set aside the SEBI’s order on the ground of jurisdiction in the light of the provisions of section 55A of the Companies Act, 1956, but did not dwell upon the question whether the first proviso to section 67(3) was violated by the company.

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27 Letter No. 8/81/56-PR, dated 4 November 57

28 This section was omitted from the Act by the Companies (Amendment) Act, 2000.
We are currently going through a quiet revolution in many fields and one such is in the area of attitudinal shift in the functioning of corporates. Since Company Secretaries are the acknowledged key managerial personnel of corporates, it is imperative for them to be fully abreast of the shift that is taking place gradually, but certainly in these areas.

It is a vast subject which can be analysed from different dimensions. The shift is taking place in leadership, managerial and governance matters, to name only a few and attitudinal shift is also taking place as a fall-out in the corporate functioning globally. If the shift is not understood, there is a good chance that the corporates can be swept away in today's highly competitive world.

The business community, having concern for society, was not entirely absent in the period prior to the 20th century, but it certainly was a rarity. We have come a long way since then, with the organizational functioning having even institutionalized the initiatives towards society today. Corporate Social Responsibility (CSR) initiatives are now getting integrated with strategic management and corporate governance. Companies moreover are developing management and organizational mechanisms for its socially conscious policies and practices. The companies are also addressing a much larger number of stakeholders than in the past. The change in approach of business in showing concern for society was seen most in USA initially; thereafter, it spread to Europe and much later, to the developing nations of Asia.

One perennial question that remains unanswered is as to what responsibilities to society should businessmen be reasonably expected to assume?

Social Responsibility may be no panacea for all business social problems, but it is something that must guide business in the...
future. Philanthropy as manifestation of CSR has been *ad hoc*, subject to executive whims and primarily in response to requests by beneficiary organizations.

In this backdrop, let us look at some of the changing phases in the focus of business organizations:

**CHANGING PHASES IN THE FOCUS OF BUSINESS ORGANISATIONS**

1. **Profit-Maximizing Phase / Wealth Creation Phase**
   During the period of Industrial Revolution and for a long period thereafter, the only focus for all businesses was making money and nothing else. If at all, some of the businesses took care of employees, it was not with any altruistic motives. It was purely for selfish reasons. It was done only to extract greater productivity so that the businesses in turn could make more money. Business reasons, rather than social reasons made the organizations looking concerned for the workers’ welfare. People could discern that it was business acumen and not humanitarianism that contributed to the workers getting paid better and getting better working conditions. All these led to numerous social problems, including labour unrest, poverty, slums, child and female labour etc. Welfare measures were introduced with the sole object of preventing labour problems. If there were true philanthropic activities, those were often individual philanthropy. Businessmen were believed to be indulging in unscrupulous activities and were believed to be of questionable character.

   Even the courts of law used to hold that the company could not get into big charity and that the company’s money could be spent only for the purposes of carrying on the business. While individual philanthropy was not discouraged, corporate philanthropy was certainly questioned by the courts and the shareholders.

   But one did come across from time to time some good examples of enlightened business policy. Pullman Palace Car Company created a model industrial community with parks, playgrounds, church, theatre etc. way back in 1893. YMCA’s (Young Men’s Christian Associations), started in the 19th century in London and which spread to USA, were basically to provide community-related welfare and social programmes.

   Such enlightened programmes were more of an exception than a rule. Corporates became huge and even begun to dominate the economy and many of these were as powerful as the governments. Business leaders enjoyed such limitless power that they had no qualms about cheating even its own shareholders. This kind of corporate irresponsibility was the cause for the collapse of the economic system, leading to the Great Depression of 1930s.

   Thus businesses in this phase were only focused on maximizing profit for themselves. Wealth creation was an unintended fall-out.

2. **Trusteeship Management Phase**
   Due to the changes occurring both in business and society, trusteeship management phase emerged. Under this phase, corporates took in the responsibility for both maximizing stockholder wealth and creating and maintaining an equitable balance among competing claims, such as claims from customers, employees and the community. Managers were viewed as Trustees for various groups in relationship with business. This happened mainly because of the scattered diffusion of stock ownership and the gradually emerging pluralistic society.

3. **Philanthropic Phase**
   Philanthropy assumed a central role in the development of CSR. From the era when corporate contributions were perceived by many in a negative light, being seen as frittering away shareholders’ wealth, the corporates began to be seen as institutions, like the government that had social obligations to fulfill. The social consciousness amongst businessmen became really quite common and was becoming a growing phenomenon amongst business leaders.

   In this phase, many companies donated to charities more than anything else.

4. **Awareness Phase**
   During this phase, many corporates became more aware and conscious of the overall responsibility of business and its involvement in community affairs.

5. **Issue Phase**
   Corporates during this phase focused on specific issues such as racial / gender discrimination, pollution problems, urban decay etc.

6. **Responsiveness Phase**
   Corporates during this phase started taking management and organizational actions to address CSR issues. Such actions...
included altering boards of directors, examining corporate ethics, curtailing managerial compensations, etc.

7. Talking Phase
Businessmen started getting comfortable with talking on CSR. These were rarely followed by action. There were very few corporate actions, beyond philanthropy to report. Action could only come from appropriate changes in the board of directors, greater representation of the social view-point in management, use of social audit, social education of business managers, development of business codes of conduct, etc.

8. Action Phase, with Inputs from Scholars
More and more scholars got into the subject of CSR. Keith Davis, a prominent writer defined CSR as "businessman's decision and actions taken for reasons at least partially beyond the firm's direct economic or technical interest." While it was a nebulous idea, it was to be seen in a managerial context.

Clarence C Walton, an important thinker on this subject said "the concept of social responsibility recognizes the intimacy of the relationship between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals." Essential ingredients of CSR include a degree of voluntarism as opposed to coercion, an indirect linkage of certain other voluntary organizations to the Corporation and the acceptance that costs are involved for which it may not be possible to gauge any direct measurable economic returns.

9. Acceleration Phase
During this phase, which can be considered as the current phase, businessmen are significantly pre-occupied with corporate philanthropy and community relations. Under this phase, the managerial staff balances a multiplicity of interests.

Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account interests of employees, suppliers, dealers, local communities and the nation. Multiplicity of interests is none other than stakeholders' interests. It is to be noted that while the enlightened companies have progressed towards higher phases, some of the not so progressive companies are still languishing in the initial phases of evolution. Having seen some of the phases in the attitude of business towards society in general and not necessarily in the same order, let us look at some of the insights provided by experts on this subject:

**EXPECTATIONS FROM SOCIETY**

Businesses are being asked to assume broader responsibilities towards society than ever before and to serve a wide range of human values. Businesses are expected to contribute to not only quantity, but also quality of life. In as much as business exists to serve society, its future will depend on the quality of management's response to the changing expectations of the public.

George Steiner, an expert on the subject, stated that "business is and must remain fundamentally an economic institution, but it does have responsibilities to help society achieve its basic goals and does therefore have social responsibilities. The larger a company becomes, the greater are these responsibilities."

Nobel Laureate, Milton Friedman, whose famous opinion was earlier path-breaking, stated that businesses should focus only on making as much money for their stockholders as possible. Davis has countered this view by saying that "a large corporation these days not only may engage in social responsibility, it had damn well better try to do so." Corporates are certainly expected to go beyond the narrow economic, technical and legal requirements of the firm.

Social Responsibility is a brilliant term; it means something, but not always the same thing, to everybody. CSR is a sort of fiduciary duty imposing higher standards of behaviour for businessmen than for citizens at large.

Archie B Carroll has suggested that "the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time."

**Recommendations for Businesses**

Some points which have emerged from the ideas of experts are given below:

- Economic viability is something business does for society as well, in perpetuating the business system. It is thus recommended that companies forecast and plan for CSR, organize for CSR, assess social performance and institutionalize corporate social policy and strategy.
- CSR is the notion that corporations have an obligation to constitute groups in society, other than stockholders and beyond that prescribed by law and union contract.
- CSR is also sometimes patterned after Maslow's Need Hierarchy. Organizations have physiological, safety, affiliative, esteem and self-actualization needs that parallel those of humans as depicted by Maslow.
- The hub of the corporate social policy process is the institutionalization within business organizations of following three elements - business ethics, CSR and corporate social responsiveness.
- The direct relationship between corporate social performance and financial performance has been the subject matter of extensive research. The results have not been conclusive. However, it is generally believed that each one helps the other.
- Having Managers of Corporate Giving, CSR and public/
Businesses are being asked to assume broader responsibilities towards society than ever before and to serve a wide range of human values. Businesses are expected to contribute to not only quantity, but also quality of life. In as much as business exists to serve society, its future will depend on the quality of management’s response to the changing expectations of the public.

CSR is no longer considered a threat for shareholder value creation. Peter Drucker stressed that profitability and responsibility were compatible and the challenge was in converting business social responsibilities into business opportunities. CSR can be a question of enlightened self-interest and one can have strategies to simultaneously serve the poor and make profits.

While all practices of CSR cannot be profitable, the concept of Strategic Corporate Social Responsibility can be adopted through policies, programmes and processes, which yield substantial business related benefits to the firm. If one does that, CSR becomes compatible with the theory of Milton Friedman.

It can thus be seen that we are moving away from Shareholder Value / Economic Responsibility theory to the stakeholder theory based on ethical perspectives. We have also further moved towards ‘Corporate Citizenship’ involving corporates in philanthropic activities and donations to the community. This stems from the fact that business is a part of the society. Corporate citizenship is basically business participation in society.

Conclusion

It goes without saying that the phases/theories mentioned above are not watertight compartments. There can be overlaps. What needs to be noted is that all these have resulted in attitudinal shift, which are significant in nature and Company Secretaries need to understand these thoroughly and guide the top management as to what approach would be an ideal one to take, depending on the stage at which the company is in at that point of time.

Reference

Political Economy of Neo-Governments

Neo-governments are the result of extended delegation - from the people to the legislature to the executive to the neo governments. Given the complex issues relating to neo-governments as new mechanisms of governance, their design and location have to be an integral part of a larger vision and unifying goal of public interest.

INTRODUCTION

Neo-governments (SEBI and SEBI-like institutions) are a class of body corporates mostly created by the statutes. They provide public goods in public interest just as the government does. They have responsibilities - consumer protection, development and regulation - similar to those discharged by the government. They have powers - legislative, executive and judicial - similar to those of the government. They resemble government in many respects, yet they are not the ‘government’. They are, in a sense, governments within the government, imperium in imperio, and carry out governance on behalf of the government in a pre-defined framework. They are epistemically known as ‘regulators’ as their responsibilities include regulation, though they are formally described as authority, commission, board, council, etc.

It is a misnomer that neo-governments are standalone regulators; they have responsibilities that go beyond regulation. For example, SEBI has the mandate to protect the
The raison d’être of neo-governments is to hit the moving targets. This is possible only if the law evolves continuously in tandem with the environment to meet the emerging deficiencies, accommodate new products and market designs, deal with innovative transactions by the market participants and improve the safety and efficiency of operations in the market by overcoming the legislative lags.

interests of investors in securities and to promote the development of the securities market, in addition to regulating the same. However, it is mostly termed as the regulator of the securities market because it is predominantly responsible, though not exclusively, for its regulation. Many others, such as stock exchanges, depositories, SROs, and even market intermediaries, which are not called regulators as such, also undertake some kind of regulation of the securities market. Further, while SEBI undertakes extra-regulatory activities, such as investor protection and market development, these are not its exclusive domain. The government, NGOs, the market participants, and even the general public also often undertake activities in these areas.

The traditional statecraft has limitations in certain circumstances. Take the example of modern securities market which evolves continuously. To address effectively the issues of the dynamic nature in such a market, the government has set up a neo-government, namely, SEBI, and equipped it with the necessary powers, expertise and processes, and resources commensurate with the requirements of the task. Being encouraged by the success of this approach, the government has been creating and nurturing neo-governments and sharing governance in various areas with them. The rise of neo-governments to share governance with the government is now a hard reality and the governance through neo-governments constitutes the most important governance reforms in the last few decades.

Neo-governments in the areas of securities market (Securities and Exchange Board of India), insurance (Insurance Regulatory and Development Authority), education (All India Council for Technical Education), electricity (Central Electricity Regulatory Commission), telecom (Telecom Regulatory Authority of India), competition (Competition Commission of India), petroleum and gas (Petroleum & Natural Gas Regulatory Board), airport (Airport Economic Regulatory Authority of India), warehousing (Warehousing Development and Regulatory Authority) etc. are now well established. Such institutions in the areas of pension, commodity derivatives, railways, shipping, civil aviation, mines, automobiles, etc. are at different stages of formation. They are mushrooming in the eagerness of the respective administrative ministries to set up their ‘own’ neo-governments in response to the particular circumstances of the moment. The list is a long one and growing, yet they differ structurally and functionally from one another. This paper cites, for illustration, mostly examples from SEBI, which is one of the most prominent and evolved neo-governments in India.

There are significant advantages of governance through neo-governments. Neo-governments generally do not share the social obligations of the government; nor are they subject to the pressures of interest groups. They build expertise matching the complexities of the task and evolve processes to enforce authority rapidly and proactively. They provide the same level playing field to both government and non-government participants. However, there are also significant concerns. They suffer from democratic deficit as they are not directly accountable to people or their representatives. Government continues to remain accountable for the governance carried out through them, which poses a classic example of the principal-agent problem. In case of exigencies, government is called upon to explain and carry out the rescue operations. The integration of legislative, executive and judicial powers with the same body, which runs counter to the doctrine of separation of powers, raises public law concerns.

Governance through neo-governments is still evolving. Every administrative ministry is experimenting with issues such as composition of neo-government, relation between the government and the neo-government, the finances of neo-government, scrutiny of quasi-legislative and quasi-judicial activities, etc. There is a need for a comprehensive review of the experience so far of this mode of governance and use the learning to improve the spacing and design of the neo-governments within the constitutional schema to make them more effective and address the felt concerns. Based on the review, critical overarching principles may be written into a charter to guide the establishment as well as operations of the neo-governments irrespective of the sphere of governance. This charter would be something similar to the Companies Act, 1956, which provides for all aspects of the company, from its incorporation till its liquidation, its operations, management and governance, etc. irrespective of the kind of business it is in.

The charter would contain the thumb rules. It should ordinarily provide for: (a) a conducive legal framework to enable the neo-government to enforce authority promptly and proactively; (b) appropriate level of independence in terms of resources and
powers to enable the neo-government to build the capability and processes commensurate with the task, (c) institutional mechanism to ensure accountability of the neo-government to avoid its possible failure, (d) internal architecture of the neo-governments to avoid intra-institutional bargains, (e) effective partnership among the government and the neo-governments to work in unison for a common purpose, and (f) spacing of a neo-government vis-à-vis government and other neo-governments to avoid gaps and overlaps in coverage and shifting of responsibilities in times of crises. While this paper deals with all of these, it is not a substitute for either a formal review to be undertaken or a formal charter to be put in place by the government.

a. Conducive Legal Framework

There are broadly two forms of law, namely, ‘almost complete’ and ‘almost incomplete’. The former endeavours to enact the law with perfection, which can deal with all the possible circumstances for a long time. An example of such form is the Indian Penal Code enacted way back in 1860. Take the definition of ‘theft’ given therein, which has not been amended yet. Any activity satisfying the ingredients specified in the said definition is construed as theft. Once the legislature lays down the definition of ‘theft’ and prescribes the penalty for it, it is for the executive to administer the law. In case of any violation, the executive or the affected party brings it before the judiciary which penalizes the accused, if it is satisfied that it was a case of theft and there is sufficient evidence to the effect that the accused has committed it beyond all reasonable doubts. If any deficiency is noticed while administering or enforcing the law, the legislature amends it, though normally with a time lag. In this form of law, there is almost complete separation of powers among the governmental agencies - the legislature frames the laws; the executive administers and the judiciary enforces them. Till about a century back when the environment was somewhat dynamic, the governments used this form of law for governance.

Of late, the environment has become very dynamic. The change that used to take centuries earlier is coming about in months, or at best in years. Former Chairman of SEBI, Mr. C. B. Bhave reportedly likened governance challenge in this environment to a flight that has developed snag at 30,000 feet and it is too late to land and too dangerous to continue flying. The options are limited, “Fly, we must. Repair, we must.” The governance response to this has been establishment of neo-governments empowered by ‘almost incomplete’ form of law. This form believes that it is not possible to visualize all the possible circumstances and provide for the same in the legislation. Here, the legislations tend to be skeletal, but have the potential to deal with all the possible circumstances, including unforeseen emergencies. The separation of powers is blurred - the same entity is vested with the quasi-legislative, executive and quasi-judicial functions so that it can enforce the laws proactively and preferably before any harm has been done.

An example is the Securities and Exchange Board of India Act, 1992. It empowers SEBI to register and regulate not only the intermediaries listed in the Act, but also such other intermediaries who may be associated with the securities market in any manner. This allows SEBI to regulate the intermediaries who are not listed in the Act, should the need arise in future and also the new intermediaries that may emerge in future, without an amendment to the law. At the time of enactment, the legislature could not possibly visualize all intermediaries who all would need to be regulated in future. Similarly, the Act mandates SEBI to take such measures as it considers fit to protect the interests of investors with an illustrative list, as at the time of enactment, it could not visualize all possible measures that might prospectively become necessary. This enables SEBI to undertake innovative measures to respond appropriately to the circumstances at hand. For example, SEBI recently secured disgorgement of illegal gains from the fraudsters and disbursed the same among the victims. It debarred certain individuals from becoming directors of listed companies. These measures are not explicitly mentioned in the illustrative list.

The Act also confers on SEBI substantial powers of delegated legislation (quasi-legislative) to make subordinate legislation (regulations) to fill the gaps in laws and to deal with the matters of detail, which rapidly change with time. While the SEBI Act is about ten pages, SEBI has framed regulations running into thousands of pages. This enables it to strike the moving targets at the right time and at the same time, keep the laws relevant. The Act further confers on SEBI the enforcement, including quasi-judicial, powers to enforce the laws made by the legislature and also by itself. In particular, it can by regulations cast obligations on participants and dispense civil penalties for failure to discharge the said obligations. As a consequence, if SEBI considers a particular conduct undesirable, it can within no time outlaw the same through regulations and enforce such regulations. It does not have to wait for the legislature to outlaw any conduct or create an offence through legislations. Nor does it need to seek judicial concurrence for levying a variety of penalties (except prosecution) on the accused. This form of law is eminently suitable for markets which evolve very fast and the authority needs to respond faster with preventive and remedial measures.

As stated earlier, the raison d’être of neo-governments is to hit the moving targets. This is possible only if the law evolves continuously in tandem with the environment to meet the emerging deficiencies, accommodate new products and market designs, deal with innovative transactions by the market
participants and improve the safety and efficiency of operations in the market by overcoming the legislative lags. The law should enable the neo-government to expeditiously issue a variety of innovative administrative and quasi-judicial preventive, remedial and penal measures matching the conduct of the participants. This requires an almost incomplete legal regime where the neo-government, which has a better understanding of the environment, has adequate powers of subordinate legislation within the basic frame of the statute and also the powers to enforce the laws proactively and promptly.

While SEBI mostly operates under an incomplete legal regime and that explains its success to a large extent, many neo-governments are not that lucky. They often need prior approval of the government to make regulations. In many cases, they do not have the power to take enforcement actions against the miscreants or penalize them. Often, the neo-government and the Government have powers to make subordinate legislation to carry out the purposes of the statute that has created the neo-government. Occasionally, the neo-government does not have complete authority over the area it governs. For example, SEBI and Ministry of Finance have authority to make subordinate legislation to carry out the purposes of the SEBI Act. SEBI does not have full authority to make subordinate legislation on certain important aspects of the securities market such as recognition of stock exchanges, requirements of listing, delisting of securities, etc. This partly explains different standards, for example, for listing of a government company and a private sector company and distorts the level playing field. These hinder the effectiveness of neo-governments.

b. Independence of Neo-governments

‘Independence’, as applied in the context of neo-governments, is often misunderstood. It certainly does not mean independence from the laws of the land. Nor does it mean independence from the standard checks and balances evolved over time for the exercise of powers. As much as one may wish, a public agency has to discharge its responsibilities within the frame work of the law and be accountable for its performance. In fact, in a democratic mode of governance, no public agency is independent. Strictly speaking, a system delivers its best only if all its parts have harmonious co-existence and no part seeks independence from the others. In a sense, dependence on one another is a source of strength; vigilance by others keeps one always on toes and prevents failure. Full independence carries along with it the obvious danger of a public agency drifting away from the people and, possibly, even from the very objectives for which it is established.

In a system, only those who can shoulder accountability deserve to be independent. Hence accountability and independence go hand in hand and the mechanism to ensure these needs to be provided together. If an entity is to be held accountable for its performance, it must be independent in terms of resources and capacity and the manner of using resources towards its objectives. A related issue is credibility. Independence is not always granted; it is often earned. Unless an institution establishes its credibility, it cannot claim ‘real’ independence even if the statute provides for it! It takes years, sometimes decades to build credibility. Central banking the world over, for example, undertook painstaking efforts for decades to earn the level of its independence that it enjoys today. This does not mean that a neo-government should not have any independence to start with. Independence and credibility need to feed on each other in a virtuous circle.

The protagonists of governance by neo-governments believe that neo-governments need to be ‘independent’ to professionally discharge their responsibilities. They believe that without functional independence in regulatory space, neo-governments would be encumbered by socio-political or legacy constraints and may not be in a position to take ‘objective’ decisions. Functional independence entails powers, financial resources and capacity commensurate with the regulatory responsibilities. Neo-governments discharge extra-regulatory functions as well where, perhaps, the nature and degree of independence sought is different, as these are not their exclusive prerogatives. Here, neo-governments are just one of the players (the government may have multiple arms performing these tasks) while in the regulatory space they are the umpires. The umpires must be independent - but armed with the knowledge, including the knowledge, that their independence is restricted to the game on the field, and that they are accountable for the exercise of their independence.

Government shares governance with neo-governments. This
The neo-governments in India are generally independent in varying degrees, although there is scope for greater independence (not absolute independence) for all of them. What surely needs improvement is the public perception about their independence.

does not make the latter the agents of the former. Neo-government is, however, a part of the government and carries on governance in a statutory framework. The legislature and judiciary scrutinize its activities as much as they do those of the executive. In fact, the executive and the neo-government carry out governance in a particular area subject to oversight/scrutiny of the legislature and the judiciary and the statute does not make explicit provision for oversight of the neo-government by the executive. For example, the Government of India (Allocation of Business) Rules, 1961 assign policy relating to regulation and development of securities market and investor protection to Department of Economic Affairs, while the SEBI Act, 1992 entrusts SEBI with the responsibilities to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. Even the SEBI Act, 1992 empowers both Department of Economic Affairs and SEBI to make subordinate legislation to carry out the purposes of the Act. This kind of arrangement puts the executive and the neo-government on the same side as partners in governance, and therefore, the latter is generally considered an extension of the executive. The relationship between these two has important bearing on the independence of the neo-government.

Let us look at the regulatory domain of the neo-governments. Statutes often empower them to discharge most of their responsibilities without recourse to the executive or the government. Many of them make subordinate legislation dealing with matters under their jurisdiction. They issue various kinds of directions in the interests of the market and the customers. They carry out executive responsibilities such as registration, inspection, investigation, etc. They determine and initiate enforcement actions appropriate to the alleged violations. They raise resources to discharge their regulatory functions. They build human resources matching their responsibilities. Their staff enjoys immunity from suit, prosecution or other legal proceedings in respect of actions taken by them in good faith. These statutory provisions, wherever available, promote the independence of the neo-governments and leave little scope for ‘interference’ in the regulatory arena. Viewed in this context, most neo-governments in India are fairly independent, though in different degrees.

Under the democratic form of government, the legislature scrutinizes the executive and the quasi-legislative activities of the executive. It also scrutinizes such activities of the neo-governments. It is, however, expected to scrutinize only the quasi-legislative and the executive activities of the neo-governments and the quasi-judicial activities of the neo-governments should be beyond its scrutiny. However, it is difficult at times to clearly classify every activity of a neo-government into water tight compartments and to restrict the legislative scrutiny to the quasi-legislative and the executive activities of the neo-governments. Further, a particular matter may have been dealt with administratively upto a point and determined thereafter quasi-judicially. In such cases, it is difficult to demarcate the aspects of the matter which can be scrutinized by the legislature. If proper care is not exercised, the legislature may inadvertently scrutinize quasi-judicial activities which would undermine the independence of neo-governments.

Neo-governments undertake quasi-legislative, executive and quasi-judicial measures - a reason why their powers, as well as image, sometimes get magnified. But given the exalted position of the legislature and the judiciary in the Indian Constitution, independence is not sought in respect of quasi-legislative and quasi-judicial activities of neo-governments. It is considered normal if the regulations and orders of neo-governments are modified or set aside by the legislature/the judiciary, as the case may be. In fact, the statute itself provides the manner and extent of legislative and judicial intervention in the quasi-legislative and the quasi-judicial activities of neo-governments. However, a gentle nudging from the executive has the potential of being perceived as impinging on the independence of the neo-government and, hence, the independence of the neo-governments essentially boils down to independence from the executive.

The Constitution assigns a particular subject to the union legislature. The business allocation rules assign the executive responsibilities relating to the subject to an executive unit, namely, ministry. However, the legislature, by a statute, assigns regulation, development and customer protection matters related to the subject, to a neo-government, and clothes it with quasi-legislative, executive and quasi-judicial powers subject to the oversight of the legislature and the judiciary, without actually curtailing the responsibilities of the ministry. The said statute, however, empowers the ministry to constitute the neo-government and supersede it if the latter fails to discharge functions to its satisfaction. It also empowers the ministry to give directions on policy matters to the neo-government and make rules to further the objectives of the

Political Economy of Neo-Governments

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statute. It requires the ministry to respond to the legislature on all matters relating to the subject for and on behalf of the neo-government. The ministry places the activity reports- the annual report, the annual accounts, the regulations, etc.- of neo-governments before the legislature for scrutiny. It is accountable to the people through the legislature on all matters relating to the subject, even if it is governed by the neo-governments. It discharges these responsibilities in the absence of explicit powers of oversight over the neo-governments. In exercise of these responsibilities, it engages in constant interaction with the neo-governments. The interaction, if not properly calibrated, could be construed as ‘interference’.

The ministry is usually perceived to have the ability to influence the decision and policy of a neo-government. One reason is its presence on the governing board of the neo-government. The views of the representative(s), being the nominee(s) of the Minister who is accountable to the legislature, usually carries relatively more weightage in the decision making process. Besides, government is a market participant and is subject to pulls and pressures. It may not always be possible for the representative to take an objective position in all matters involving government. It is better that the board of the neo-government does not have any nominee from the ministry, particularly when it has recourse to give directions to the neo-government. For that matter, it may not have any nominee at all, because a nominee invariably espouses the interests of the entity which has nominated him.

The board of a neo-government needs to have a mix of part-time and full time members. Part-time members are necessary to obtain the industry knowledge/feedback from the people who are otherwise engaged on full time basis in industry/profession and are not willing to come on full time basis on the board of the neo-government. They are also necessary to bridge the democratic deficit the neo-governments suffer from. However, care has to be taken to avoid any kind of conflict of interest. The board also needs to have a mix of members from different disciplines relevant to the subject governed by the neo-government. For example, the board of SEBI needs to have members who have excelled in the disciplines such as economics, finance, law or accountancy or have demonstrated capacity in dealing with problems relating to securities market. This kind of composition of the board would promote independence of neo-governments and avoid undue influence on the decision making by neo-governments.

The ministry appoints the chairman and other members of the governing board of the neo-government as well as determines their terms of appointment. The statutes or the rules made thereunder generally provide for the selection procedure for such persons and the maximum duration of the term, and empower the ministry to terminate the appointment before the expiry of the term. The ministry generally has powers to relax these rules, for example, to grant a term longer than that is provided in the rules. The term of an appointment, the termination of the appointment before the expiry of the term, the extension of the term, or even granting a second term depends solely on the subjective satisfaction of the ministry and have the potential to prevent a person from taking a position extremely unpalatable to the ministry. A reasonable and secure tenure, similar to those available for constitutional functionaries, would go a long way to promote independence of the neo-governments. The statute should provide an objective, structured process for appointment and termination of services of persons on the governing boards of neo-governments. Ideally, these matters should be dealt with by a ministry, which does not deal with the subject governed by the neo-government. It is desirable that a new ministry is set up to look after the establishment matters of neo-governments; as such matters relating to PSUs are looked after by the Department of Public Enterprises. A Regulatory Selection Board can be constituted online with PESB to select chairman and other members to the boards of neo-governments.

The ministry can also influence a neo-government through its power to issue directions in matters of policy which the neo-government is bound to comply with and to reconstitute or supersede the neo-government. These powers, though necessary, must be sparingly used. The statute should, therefore, provide an objective, structured process for issuing directions to neo-government, or superseding it in specified circumstances. Such provisions, along with those for legislative and judicial scrutiny, would balance accountability with independence. Thus, the legislature, the ministry and the judiciary should intervene in the working of the neo-governments, but in a transparent manner and to the extent permitted in the statutes.

Independence critically depends on the provision of resources matching the responsibilities. A neo-government cannot exercise its authority independently if it is dependent on somebody for its sustenance. While some neo-governments have adequate and independent sources of income, some others are not that fortunate. Some raise resources and use the same for meeting their objectives, while others turn the same over to the government and depend on budgetary allocation for their expenditure. Irrespective of their potential to raise resources, neo-governments need financial autonomy, though there are various ways to secure it. Entities like Comptroller and Auditor General of India (C&AG) are effective because they have financial autonomy, even though they do not have adequate and independent sources of finance. The neo-government should have resources from those sources which do not conflict with its professional delivery. For example, the fines levied by a neo-government should not come to its
coffers. Otherwise, the neo-government may prefer to impose a higher monetary penalty than warranted or prefer monetary penalties to other kinds of more effective penalties.

The independence also depends on the availability of human resource at the disposal of the neo-government. If the available human resources do not have the professional capability to determine the issues objectively, it would not be able to withstand the perceived or actual influence from various quarters, not necessarily from the ministry. For example, if it does not have an adequate understanding of an issue, it would get carried away by noisy, often articulate, suggestions made by the vested interest groups. Unfortunately, many neo-governments compensate their employees at par with the government employees and often recruit employees on deputation from government sector. This often fails to attract the right talent adequate for the task and develop a cadre of professionals in the neo-government who would upgrade themselves continuously to meet the challenges of dynamic environment.

Quite often, the compensation of the chairman and the members of the boards of the neo-governments are linked to that of the government employees. This reduces the catchment area to the people who are willing to work for government salaries. Further, a serving officer has to resign from service before joining as chairman or member of the board of a neo-government. Though desirable, this reduces the catchment area further. To add salt to injury, most of these people are not paid full salary attached to these positions; they are paid salary minus pension, even though they work full time. This largely explains why these positions are held mostly by retired people, that too, often with government background, who are willing to work out of love for the country, for half the government salary. These are very dynamic and stressful positions and require young leaders with proven track record in the area relevant for the neo-government.

The neo-governments in India are generally independent in varying degrees, although there is scope for greater independence (not absolute independence) for all of them. What surely needs improvement is the public perception about their independence. If a neo-government brings in a measure which is not liked by some market participants, they generally use their influence to seek intervention of the government to persuade or influence the neo-government to withdraw or modify the measure. During the initial and formative days of SEBI, whenever a measure was initiated, it was common for the affected market participants to seek government intervention. On one such occasion, the then SEBI Chairman Mr. G. V. Ramakrishna is stated to have remarked: "The way to Mittal Court (then SEBI office) from Dalal Street is not via North Block (the head quarters of Ministry of Finance)". This happens because of the perception that the affected parties can protect their interest if they can adequately influence the government. To the extent the vested interest groups succeed in their endeavours, this perception gets reinforced.

Further, the courts in India pass thousands of orders every day or set aside the orders passed by lower judiciary. These hardly get reported in media and rarely criticized for appropriateness. These rather serve as learning tools for professionals. The losing party respects the orders even while appealing against the same before the higher judiciary. Unfortunately, the same is not true of a quasi-judicial order passed by a neo-government. The affected parties at times resort to media campaigns against such orders of the neo-governments as well as the functionary who has passed the orders. This happens because of the perception that the orders of the judiciary cannot be influenced, while that of a neo-government, which is considered an extension of the ministry, can be. The judiciary has earned this kind of credibility over centuries of impartial and objective work, while neo-government is a new kid in the block. The neo-governments need to demonstrate objectivity and impartiality in their orders for years and the public needs to notice such objectivity and impartiality.

### c. Accountability of Neo-governments

The government is ultimately accountable to the people for governance through the neo-government. Since the neo-government is not directly accountable, it may not always be as sensitive to the consequences of its omissions and commissions. This calls for a well-crafted accountability mechanism to avoid possible failure of the neo-government. However, this does not call for a well-crafted control mechanism over the operations and the management of the neo-government. It is important to note that accountability is not synonymous with control and less of autonomy. In fact, the higher the level of autonomy, the greater is the accountability and vice versa. In other words, the accountability should be commensurate to the level of autonomy.

Current accountability arrangements in India focus mainly on their role as regulators, probably because they are so perceived. Through the administrative ministries, the neo-governments lay on the table of the Parliament subordinate legislation, annual report detailing their activities and performance, and statement of accounts audited by the C&AG. The departmental standing committees scrutinize their activities while approving their demand for grants or the demand for grants of their administrative ministries, as the case may be. They are obliged to carry out the policy directions of the government. In the face of substantial failure, the government has the power to reconstitute the neo-governments under specified circumstances by following a
special procedure. Their orders are subject to appeal, generally before a tribunal, with provision of judicial review to the Supreme Court.

There are comparable bodies in other countries. A case in point is the Securities and Exchange Commission in the USA. It is required to consult the stakeholders and the public, and reveal the associated costs and benefits, while making subordinate legislation. Its budget as well as the subordinate legislation with important bearings needs to be pre-approved by the Congress. It appears before the Congress twice a year and gives testimony before the congressional oversight committees as often as required. The Government Accountability Office generally assesses its performance in terms of its objectives and efficiency and reports to the Congress. It seeks administrative sanctions from an administrative law judge. It refers matters to the Justice Department for launching prosecution before the District criminal court. Another neo-government, namely, the Commodity Futures Trading Commission, has to even justify its continuation every five years before the Congress. The accountability arrangements are well laid out in the UK, where a ‘private limited company’ acts as the Financial Services Authority (FSA). It reports to the Parliament through the Treasury and the Director General of Fair Trading keeps a watch from the sidelines on the conformity of the FSA’s regulatory actions. It publishes an annual performance account of the fairness and effectiveness of its own enforcement process, half-yearly performance account for service standards and customer satisfaction, quarterly performance account on business plan milestones, etc.

There are certain standard arrangements that advanced jurisdictions have adopted for ensuring the accountability of the neo-governments. These include: (a) ex-ante accountability such as consultation with the public and the stakeholders before taking an action, (b) ex-post accountability such as reporting actions already taken, (c) explanatory accountability such as disclosure of the rationale of the actions, (d) procedural accountability such as adhering to standards of procedural fairness and transparency, and (e) performance accountability such as achievement in terms of objectives. The accountability arrangements rest on five main planks: (a) articulation of the responsibilities, objectives and targets against which the neo-governments may be held accountable, (b) provision of powers, resources and capacity of the neo-governments matching their assigned responsibilities, (c) assignment of the affairs of the neo-governments to competent people who are comfortable with the accountability arrangements, (d) identification of stakeholders to whom the neo-governments may be accountable, and (e) education of the stakeholders about the manner of ensuring the accountability.

With the growing reliance on the neo-governments for governance, it is important to follow a holistic approach to building a uniform system of accountability. As stated earlier, neo-governments are not averse to being accountable to the legislature and the judiciary. They, being extensions of the executive, have hesitation to be accountable to the executive, even though the executive head is accountable to the legislature for the actions and inactions of the neo-government. The trend in advanced jurisdictions is to give neo-governments almost complete autonomy from the executive and make them accountable to the legislature and the judiciary directly as much as possible. The executive should man the neo-governments with capable people who value independence and are comfortable with the accountability arrangements, and make provision for resources matching their responsibilities. The judiciary may exercise oversight over the quasi-judicial activities of the neo-governments through dedicated specialized tribunals with provision for further appeals to the Supreme Court. This would help rapid review of regulatory actions, develop case laws and enforce discipline in the quasi-judicial process followed by neo-governments. This would enable an aggrieved party to access a quick, efficacious and inexpensive mechanism to secure justice.

The Legislature may exercise general oversight over the quasi-legislative and the executive activities of neo-governments. Given the number of neo-governments across the economy and the volume of their activities, and the pressure on Legislature to deliberate the various Bills brought before it, the Legislature needs to set up legislative committees, each of which would exercise oversight over a few neo-governments on its behalf. The committee should engage professional agencies to monitor and review on an ongoing basis the working of the neo-governments vis-à-vis that of others in its peer group within the country and overseas, and submit reports for its consideration. It may examine the subordinate legislations, the reports submitted by the neo-governments on their working and the reports submitted by professional agencies on the working of the neo-governments and make its recommendations. The neo-
governments may have opportunity to explain their conduct and performance to the said committee. The committee and the neo-governments should meet at regular intervals, instead of having event specific meetings which could be clouded with impressions from the event.

Government may create a new department, called Department of Neo-governments, for developing standards/best practices for establishment of neo-governments, including accountability arrangements, developing standards for rule making and enforcement of rules by them, and for promoting the best practices across the neo-governments. The crux of the issue is to spell out *ex-ante* the mechanism of accountability to the legislature, the executive, the judiciary and the other stakeholders at large and to institutionalize the same along with matching resources and capability so that it does not suffer from subjectivity. The legislature and the judiciary must ensure that the executive and the neo-governments adhere to those standards and best practices. The neo-governments may disclose all relevant information to their stake holders and take their inputs for making laws and their decision making process may be transparent to the public and the media. They may disclose their performance in different areas on various parameters at periodic intervals, as they often require the regulated entities to do. The government and neo-government should educate the stakeholders about the accountability mechanism pertaining to the neo-governments.

**d. Architecture of Neo-governments**

There have been skeptics of neo-governments from early on. Particularly relevant was the powerful argument advanced by George Stigler in the early 1970s about regulatory capture. In its simplest form, it was argued that the regulatory agencies would come to espouse the cause of the industry which they are supposed to regulate rather than the cause of the consumers whom they are supposed to protect. Regulatory capture and regulatory bargaining in a multi-regulatory environment provided a strong concoction for their lethargy and consequently regulatory collapse in the run up to the recent financial crisis. The regulators not only supported the conflict-of-interest-ridden organisational structures and product over-innovations of the high street but also adopted ‘feather-touch’ regulation and oversight of these entities and their activities. The important lesson from the financial crisis is that the neo-governments need to build their capability to withstand the influence of the regulated.

They also need to build capacity that would inspire the confidence of the consumers and the regulated. Their expertise must be such that their findings enjoy deference from judiciary, something similar to the doctrine of deference in the USA. The Judiciary should not disturb the professional findings of a neo-government unless it is *malafide*. They should have professional decision making process based on adequate research and consultation with the stakeholders. They should undertake at periodic intervals self-assessment of their own performance and disseminate the outcome of such assessment. They should disclose their performance against pre-set benchmarks quarterly, semi-annually and annually. They should continuously rebuild the organisation to meet the dynamism of the market they oversee. This will build credibility of the organization.

The neo-governments are extremely powerful creations by their design and stature. They have quasi-legislative, executive and quasi-judicial powers rolled into one, while in statecraft these functions have been separated into legislative, executive and judicial functions and assigned to separate agencies to facilitate mutual checks and balances. The neo-governments, therefore, derive extra-ordinary powers arising from the fusion of quasi-legislative, executive and quasi-judicial powers. The Supreme Court made an interesting observation in the context of SEBI’s powers in the case of Clariant International v. SEBI (AIR 2004 SC 4236): “The SEBI Act confers a wide jurisdiction upon the Board. Its duties and functions thereunder, run counter to the doctrine of separation of powers. Integration of power by vesting legislative, executive and judicial powers in the same body, in future, may raise a several public law concerns as the principle of control of one body over the other was the central theme underlying the doctrine of separation of powers”. Though the Constitution of India does not envisage strict separation of powers, it does indeed make horizontal division of powers among the legislature, the executive and the judiciary. In keeping with the spirit of the constitutional provisions, every neo-government must ensure that its three wings exercise quasi-legislative, executive and quasi-judicial powers with independence and without intra-institutional bargaining and, thereby, avoid potential public law concerns prognosticated by the Supreme Court.

One critical function of neo-governments is making Regulations. Most of the statutes creating neo-governments are silent about its process. For example, the SEBI Act, 1992 merely states that the regulations shall be made in the interest of investors and markets and after the notification of the regulations, the same shall be laid on the tables of the Parliament. Even though it is not a statutory requirement, many neo-governments have evolved a transparent and consultative process to make regulations. SEBI, for example, has a large number of standing advisory committees to deliberate on the evolving issues and their possible resolution. It also appoints ad-hoc committees on specific issues. It generally issues a concept / discussion paper before or after consultation with the standing advisory / ad-hoc committee concerned. It sometimes
organizes workshops of stakeholders to elicit their feedback. It examines the feedback on concept/discussion papers internally or through the advisory committees. In exceptional cases, a revised concept/discussion papers is put out seeking another round of comments/feedback. This consultation process brings ground reality and makes the decisions sound and acceptable by the regulated. Based on the examination of feedback, it formulates an agenda note proposing the necessary regulations. The Board of SEBI considers the agenda and approves the proposed regulations with appropriate modifications. While the board agenda and minutes are available in public domain, the decisions are conveyed through a press release on conclusion of the board meeting and the necessary regulations are issued thereafter through a gazette notification. This process needs to be strengthened further by making the comments of the neo-government on each feedback available in the public domain, as has been done recently by the Airport Economic Regulatory Authority, and public hearing of the proposed regulations, as is being done by the SEC. This process needs to be emulated by all the neo-governments.

Another critical function is the initiation and the disposal of the enforcement actions. The Act and regulations made thereunder generally do not provide the process. Nevertheless, the neo-government should ensure that the process is just and fair. This means that the accused should have adequate notice, provisions of documents/evidence relied upon by the neo-government, and reasonable opportunity to defend. If an accused believes that the authority may be biased or interested, he should have the option to seek a change of the authority. In fact, the Code of Ethics for Chairman and Members of SEBI Board provides this facility to the accused. The authority disposing of the enforcement action should be free from bias, including official bias. An authority, which has ordered or supervised the investigation into the matter, may be tempted to punish the accused even if there is not enough evidence. This bias is avoided in SEBI where an authority, other than the one who has initiated the proceeding, disposes of the proceeding. The case of the authority, who has initiated the proceeding, is presented by an Advocate or a Presenting Officer before another authority who disposes of the proceeding, after hearing the accused.

This could be formalized by the neo-governments setting up dedicated quasi-judicial units and posting officers to that department on a tenure basis. These officers must have a long experience in dealing with the problems relating to the area and undergo intensive training to deal with quasi-judicial matters. During the said tenure, they would do only quasi-judicial work, in addition to participating in board matters, as may be required. They would hear both the operational department(s) who have alleged the irregularity and the accused and, then, pass appropriate orders. This would be akin to the process before the Administrative Law Judge where the representatives of the SEC and the accused present their case. These officers would move back to operational departments after the expiry of the said tenure. This would ensure that quasi-judicial officers do not carry any official bias while they remain abreast with the technical knowledge.

There must be timelines for completion of every activity of the neo-government. It must dispose of any application from market participants, such as for registration, within a specified time. It must complete the various processes such as inspection, investigation, enquiry, audit, etc., in a time-bound manner. It must initiate appropriate enforcement actions immediately on conclusion of the fact-finding process. It must conclude the enforcement actions expeditiously because delay defeats justice and causes hardships to the accused as well as the victims. The accused is looked down with suspicion and practically ostracized from the market till the conclusion of the proceeding. The waiting for conclusion of the proceeding occasionally becomes more painful than the worst penalty the proceeding may warrant. The neo-governments occasionally issue interim orders which often operate as penalty before conviction. The accused suffers the interim directions till the conclusion of the fact-finding process and also the enforcement actions emanating therefrom. Interim orders must be avoided to the extent possible and such orders must cease to have effect after the passage of a certain time. The authority should dispose of the enforcement actions by issuing speaking orders which should be disseminated on the web-site.

The statute often empowers a neo-government to initiate a number of enforcement actions simultaneously for the same act of irregularity. For example, if an irregularity has been committed by an intermediary, the SEBI Act, 1992 empowers SEBI to initiate an enquiry proceeding, which may lead to
suspension/cancellation of the registration of the intermediary concerned. It may initiate an adjudication proceeding which may lead to imposition of monetary penalty. It may also initiate section 11B proceeding leading to issue of an order directing a wide variety of preventive/remedial measures. In addition, it may initiate prosecution before the competent court. In fact, wherever it considers appropriate, it initiates a combination of these proceedings. If SEBI is not conscientious, every irregularity could attract multiplicity of proceedings and imposition of multiple penalties against the same person for the same offence, though it is not uncommon for these multiple proceedings resulting in conflicting outcomes. This is in addition to penalties levied by self-regulatory organizations, such as the stock exchanges against the brokers, for example. Further, since the securities laws are in addition to, and not in derogation of, any other laws, an accused may be subjected to enforcement actions simultaneously under the securities laws as well as other laws. Ideally, on completion of the fact finding process, the executive unit of the neo-government should file a charge sheet and present its case, through a presenting officer or an Advocate, before the quasi-judicial unit, which would follow the principles of natural justice and pass appropriate orders. These orders may provide for preventive/remedial measures, monetary penalties and/or suspension/cancellation of registration. Besides, if considered necessary, the neo-government may approach appropriate courts for criminal sanctions.

The neo-governments must endeavor to write regulations in plain English. Despite this, different people would derive different meanings from the same provisions. The economic agents would be taking huge risks if they take decisions based on their understanding of law, even if, most often, their understanding turns out to be correct. They can have some comfort if they can get some kind of guidance or advance ruling from the neo-government where there is not enough legal certainty about the applicability of the particular provisions or the obligations thereunder. Though not a perfect one, the SEBI (Informal Guidance) Scheme, 2003 provides some comfort to market participants in this regard.

A neo-government needs to recognize that it alone does not have the exclusive jurisdiction over extra-regulatory activities and that it is only a part of the governance ecosystem. It must, therefore, actively seek the support of the government and other neo-governments involved as well as the market participants while pursuing extra-regulatory activities. For example, no single agency can do by itself enough in the area of financial literacy. This requires pooling of resources and promoting public-private partnership. Similarly, a neo-government should seek cooperation from the government and the other neo-governments while pursuing its regulatory objectives. It must, in turn, extend its support and cooperation to the government and the other neo-governments whenever called upon to do so. It must establish harmonious relationship with the government and the other neo-governments as it would not be able to deliver effective governance on its own.

We have to bear in mind that the neo-governments are popularly known as regulators in their respective areas. This can create perverse incentives in the sense that these agencies focus only on regulation and not so much on the other objectives formally assigned to them and the public too evaluates their performance only in the area of regulation. As a result, either they do not perform that well in extra-regulatory areas or their performance in those areas are not noticed. Further, quite often, they have apparently conflicting objectives. Most neo-governments have the mandate to protect the consumers and to develop the market. It is possible that a measure which promotes market development may not necessarily promote consumer protection. As a result, a neo-government may not take any developmental initiative which has the potential to adversely affect the interests of the consumers. This defeats the very purpose of creation of the neo-governments. They need to pursue all their objectives simultaneously and manage the conflicts skillfully.

e. Partnership with Government

As illustrated earlier with an example, both Department of Economic Affairs and SEBI have jurisdiction over the securities market. Even the SEBI Act, 1992 empowers both to make rules and regulations respectively to further the objectives of the Act. This overlap leaves scope for duplication and inconsistency in the measures and shifting of responsibilities at the time of crisis. More importantly, this gives an impression that the market participants can pursue their objectives with either of them. In the early days of SEBI, the affected regulated entities used to take the first available flight to North Block with every significant restriction that it imposed on them. This happened because many genuinely believed that SEBI was subordinate to the ministry, it has no option but to act the way the ministry wishes, and the ministry had a legitimate role in the matter. In order to
reinforce the independence of the neo-governments and to promote harmonious relationship between the ministry and the neo-government, it is useful to discourage such attempts by the regulated entities.

This is difficult to achieve in practice as the ministry is called upon to explain the conduct and performance of the neo-government before the legislature and the government has the responsibility to deliver the governance in the area assigned to the neo-government. For example, the Ministry of Finance is called upon to explain to the Parliament the developments in the securities market, including the performance of SEBI, even though the government has assigned the governance of securities market to SEBI. Further, the ministry quite often receives complaints of citizens against economic agents regulated by neo-governments and also neo-governments themselves. In such cases, the ministry faces a dilemma. If it does not intervene in the matter, it runs the risk of being perceived as ineffective or insensitive to citizens. If it calls for a report or seeks certain actions from the neo-government, it is construed as interference. Given the precarious position of the ministry vis-à-vis the neo-government, the latter must never put the former in a spot.

One option is to allow the neo-governments to explain their quasi-legislative and the executive activities directly to a parliamentary committee, which may, after consideration of all issues, give appropriate advices. The committee may evolve a structured mechanism to receive inputs on matters of policy from the stakeholders and intervene, in a transparent manner, in such matters after hearing the neo-government. Another option is to ensure that the neo-governments have staff who have competence and integrity and who inspire confidence among the citizens. The ministry can then forward the complaints to the neo-government and allow it to take action as it may consider appropriate. Still another could be that the ministry abdicates / refrains from using its powers of making rules, except on the administrative matters of the neo-government. This requires a well calibrated co-ordination between the government and the neo-government and understanding and mutual respect for each other.

One objective of the governance through the neo-governments is to improve efficiency which is not otherwise possible within the usual statecraft. It is imperative to let the neo-governments have their own processes and procedures, that enhance efficiency, to deal with a matter, rather than adopt the processes and procedures followed by the government. Sometimes, however, the government expects and the neo-governments follow, either on account of inertia or fear of going wrong, the processes and procedures established in the government. For example, the circumstances may warrant an immediate advertisement in the press in the interest of the consumers. The government process requires it to be issued through DAVP. If this process is followed, the advertisement may not appear in papers immediately and thereby defeat the very purpose of the advertisement. Therefore, the neo-governments need to evolve their own process, with adequate checks and balances to avoid any possible misuse, of issuing advertisements. Similarly, the neo-governments need to develop specialized skills matching the tasks by breaking away from the HR policies of the government. Their effectiveness would remain a challenge if they were to compensate their staff at par with the government employees. They should have their own recruitment processes and pay structures to attract and retain the talent appropriate for their task. The agencies like C&AG, CVC, CBI should insist on adherence to the standards and the practices evolved by neo-governments and/or by the Department of Neo-governments.

The neo-governments have defined boundaries in terms of products, participants, and geographies and have limited powers and responsibilities. Certain situations may demand exercise of powers beyond these boundaries or exercise of more powers than those available with them. This realization comes only with practical experience. For example, a neo-government may need telephone call records of some persons to establish their involvement in a fraud. It may need certain information from another agency - domestic or overseas - to unravel the design of the fraudsters. It may need to follow up on the activities of a certain entity overseas. It may need powers to issue interim directions pending enquiry or investigation. In such cases, the government, which is sovereign, needs to support the neo-governments by ensuring that the neo-governments get the powers to do these things and facilitate them by bringing together the various agencies for a common purpose in the public interest. Similarly, the development of the market needs the co-operation of many agencies. For example, the development of the corporate debt market needs support of the central government, the state governments, and many neo-governments. In such cases, the government needs to not only extend its support, but also garner the support of the state governments and the concerned neo-governments.

Let me now turn to the conflict of interest arising from the government’s dual role of a policy maker and a market participant. Quite often, the government-owned enterprises participate in the market and compete with the private enterprises. It may not always be possible for the government to treat the PSUs and the private enterprises at par and there is a possibility that the market would view the government policies and regulations with suspicion that they promote the interests of the PSUs. This is one of the main reasons why the government established neo-governments to oversee the activities and markets where PSUs also participate. This builds
the perception that both the PSUs and the private enterprises have the same level-playing field. The PSUs, who are creations of the same government which has created the neo-government and who are historically accustomed to special treatments, at times seek and secure exemption from compliance with some of the regulations of the neo-governments. Let us take an extreme example of how this can potentially happen. Let us say a PSU has issued a class of securities on certain terms in compliance with the securities laws. As the market conditions change, it may find such terms unfavourable. But it cannot change the terms of issue under the securities laws. However, the legislature can enact a new law to change the terms of issue applicable to the PSUs. While the legislature can enact overriding laws in public interest, such an approach undermines the governance through neogovernments. Another example is the implementation of corporate governance standards. SEBI is not enforcing these standards on listed companies because many PSUs do not comply with the same. Occasionally, the PSUs, because of their parentage, often demonstrate a higher level of compliance with the regulations prescribed by the neo-governments. Once the PSUs lead the way, the others fall in line. This facilitates easy acceptance of reforms and new regulations.

Government has not laid down the standards for the establishment and the operations of the neo-governments. Every administrative ministry invents a model based on its expectations from the neo-government. As a result, the structure of neo-governments differs widely. For example, for some neo-governments, there are dedicated tribunals to scrutinize their orders and act as appellate authorities, while for the others, there are no such mechanisms. In some cases, the government itself is the appellate authority against the orders of the neo-governments. Similarly, some neo-governments have their own independent budgets, while the others depend on grants from the government. Some neo-governments have representatives of the government in their governing boards, while some others do not have such representation. Some neo-governments have only whole time members, some others have mostly part-time members. While some degree of flexibility is necessary, there is a need for some overarching principles that would guide the establishment as well as the operations of the neo-governments. In this respect, the executive agency framework of the UK may provide some useful guidance. This format may also cover the best practices to be followed by a neo-government. For example, it may be specified that all regulations need to go through a standard consultation process and that the neo-governments need to have a certain defined standard of transparency in their operations. This has been done very explicitly in the Airport Economic Regulatory Authority of India Act, 2008. This Act requires the authority to ensure transparency while exercising its powers and discharging its functions by (a) holding consultation with all the stakeholders, (b) allowing all stakeholders to make their submissions and (c) making all decisions of the authority fully documented and explained.

Department of Neo-governments can adopt the best provisions and practices based on the experience and incorporate those into the charter to serve as a guide for the ministries.

f. Co-operation among the Neo-governments

Government has been creating neo-governments for every possible niche area. Let us look at the financial markets. Traditionally, businesses were clearly differentiated - banks offered banking services, insurance companies offered risk sharing, securities companies offered resource allocation and employers provided pensions - an entity carried on only one kind of business. This established entity-based regulation and separated the supervisory structures along the business lines. Thus, we have RBI as the primary regulator for banking, IRDA for insurance, SEBI for securities markets and PFRDA for pensions. Add commodity derivatives, and we have one more market regulator, namely, FMC. The number increases further if we add the administrative ministries associated with each of these regulators and the authorities responsible for the governance of each kind of market participants. To complicate the matrix, a few authorities jointly and concurrently regulate certain segments. For example, MoF, MCA, RBI and SEBI regulate different aspects of securities markets simultaneously. There are also sub-regulators, such as NABARD and NHB, and general regulators, like Competition Commission of India (CCI) as well as regulators at the central and the state level. A large number of self-regulatory organizations (SROs) and industry bodies, who litter the regulatory canvas, share the responsibility of regulation with the primary regulators.

In the recent decades, the economies of scale and scope together with deregulation and globalization have blurred the legal and geographic boundaries between markets in banking,
securities, insurance and pension. Consequently, we now have financial supermarkets - entities that simultaneously engage in activities that come under the purview of multiple regulators. This prompted a shift to activity-based regulation: an entity carrying on three different businesses is simultaneously regulated by three different sectoral regulators as well as many administrative ministries, general regulators, sub-regulators and SROs. Thus, the regulatory architecture of the financial sector in India is as complex as it could be.

The matrix of markets, products and participants in different segments – banking, insurance, securities and pensions at different layers – sub-national, national and supra-national, exhibit considerable overlaps, gaps and twilight zones. This overlap leaves scope for duplicity and inconsistency in regulations and shifting of responsibilities at the time of a crisis. Such overlap has often ended up in the courts, such as the dispute between the CERC and the FMC over the development and the regulation of the market for ‘power’. It occasionally leads to prescription of competing standards such as in the area of corporate governance by SEBI and the Ministry of Corporate Affairs. On the other hand, there are instances where no regulator takes any initiative because it is the responsibility of many regulators. For example, we do not yet have a framework for grooming and regulating investment advisers, who operate in the jurisdictions of many regulators. There have been problems with regulatory gaps also. For example, taking advantage of the gaps, plantation schemes merrily collected thousands of crores of rupees from innocent investors in the mid-1990s and the debate on who would regulate such schemes went on till a sort of scam broke out. We have twilight zones when a market or product has many elements and these elements are under the jurisdiction of different regulators. This sometimes leads to quarrels between the regulators: in one such instance involving determination of the regulatory jurisdiction over a financial product (ULIP), the then Finance Minister, Mr. Pranab Mukherjee lamented in Parliament that the regulators were quarrelling like petulant children and the government had to step in through an ordinance.

Further, there is a potential for tension between the general regulators and the specialized regulators. While one deals with a particular market, another may deal with one aspect of every market. For example, the CCI deals with competition issues in all markets while SEBI deals with all aspects of the securities market. Both these regulators may wish to have independence to determine the pace and manner in which to usher in competition into the securities market. Such determination by one would amount to ‘interference’ in the domain of the other. The neo-governments need to develop inter-institutional arrangements, which are made publicly available so that the market participants are aware of the respective jurisdictions.

There are certain infrastructures, which if developed, will be useful for all the segments of the financial markets. From the perspective of each neo-government, private benefits fall short of private costs resulting in underinvestment in such infrastructure and consequentially underdevelopment of the market. Cooperation among the neo-governments has the potential to overcome such problems, as it would help look at public benefits and public costs of such infrastructure more objectively and holistically. For example, every neo-government in financial markets tends to under-invest in financial literacy; the problem can be addressed if they work together. Further, some activities require efforts of many neo-governments. We would not be having a flourishing exchange-traded currency derivatives market today but for the very fruitful co-ordination between RBI and SEBI. Similarly, we would not be able to take the proceedings relating to a financial sector scam, the tentacles of which spreads over the entire financial market and even beyond, to a successful logical end, if every neo-government takes a limited view of the irregularity in its jurisdiction only.

Every neo-government follows a unique approach or process. This distorts the level-playing field and creates arbitrage opportunities. For example, one neo-government may develop market for a product by laying down a conducive market design, while another may develop the market for an essentially similar product by soliciting business for the same. Similarly, one neo-government may cancel the registration of a market participant, while another may impose a monetary penalty for a similar kind of irregularity. One may follow judicial process to dispense penalty, while another may follow administrative process. Different neo-governments have laid down different standards and processes for the participants and their activities. Though the standards need to differ based on the nature of the activities, there are certain fundamental standards common to all of them. For example, a market participant has to be a fit and proper person. Unfortunately, we do not have this requirement in all segments of the financial markets. At times, similar products get different treatments in different jurisdictions because these are so permitted or so promoted by two different neo-governments. Similarly, we have different degrees of outsourcing, self-regulation, transparency, consumer protection, etc., which contribute to regulatory arbitrage.

One extreme solution is to have one neo-government for the entire financial sector, another for all utilities, etc., to avoid the issues arising from multiple neo-governments. If this argument is extended further, we could end up having only one neo-government for all kinds of activities / markets. This would, however, deprive us of the advantages of domain expertise of the neo-governments. The aim should be to have too many neo-governments, nor too few. There is a need for neo-governments for reasonably compact areas and the
responsibilities among them need to be demarcated as clearly as possible. Gaps and overlaps need to be avoided to the extent possible. Despite extreme care, it would still not be possible to contain the neo-governments in water-tight compartments. They as well as the government would need to complement one another. This would require an institutionalized approach to coordination at multiple levels among the neo-governments and between the government and the neo-governments. This has been achieved recently in the financial sector through the establishment of Financial Stability and Development Council (FSDC) consisting of the government and all the neo-governments.

Conclusion

Governance through the neo-governments is still evolving. There is yet no comprehensive review of this model of governance in India. The reviews elsewhere seem to indicate that while such agencies have been successful in securing better protection of the customers, in a few cases their work has become disconnected with the objectives of the elected governments. The impression prevails that some of the neo-governments in India have earned credibility at par with constitutional bodies. In an article in Wall Street Journal dated November 23, 2010, the author Sadanand Dhume observed: "Unlike many developing countries, India has a record of sustaining credible institutions, among them the Supreme Court, the Election Commission and the Securities and Exchange Board of India." Nevertheless, there is a need for a comprehensive review of the experience so far of governance through the neo-governments and use the learning to improve the location and design of the neo-governments to make them more effective.

Neo-governments are the result of extended delegation: from the people to the legislature to the executive to the neo-governments. Given the complex issues relating to neo-governments as new mechanisms of governance, their design and location have to be an integral part of a larger vision and unifying goal of public interest. Even with a charter in place, the administrative ministry needs to be more than a visionary in designing and spacing each new neo-government or in restructing an existing neo-governance. However, a neo-government should be created only after it is considered the most appropriate delivery mechanism based on a business review. It should cease to exist on completion of every fifth year unless it is extended by a Reauthorization Act after a legislative evaluation of its working in the preceding five years and of the need for its continued existence in the changed environment. The Constitution of India does not explicitly recognize the neo-governments as a mechanism for governance. When governance through the local self-governments was considered necessary, the Constitution was amended to explicitly recognize them and specify their responsibilities, including their autonomy and accountability arrangements. Perhaps, the time now has come when a clear Constitutional provision may be considered to explicitly recognize the neo-governments and provide for an appropriate and uniform autonomy-accountability framework for them. While deciding their ‘space’ in the constitutional schema, it would be ideal to define the ‘autonomy’ arrangements of the neo-governments vis-à-vis the three organs of the State - the legislature, the executive and the judiciary. Similarly, it would be useful to specify the ‘accountability’ arrangements for the neo-governments vis-à-vis the various stakeholders. This is necessary to clear the cobweb of the ‘practical’ aspects of independence, avoid the institutional tensions, and minimise the transaction costs in an increasingly information asymmetric world.

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Establishment of Securities and Exchange Board of India (SEBI) as an autonomous regulatory entity ushered in a new regulatory approach in the country. Following setting up of SEBI, we have seen several other regulatory agencies being established like IRDA, TRAI, PFRDA, WDRA, etc. The trend of setting up specialist regulatory entities can be expected to continue as priorities of government require specific developmental and regulatory focus and the complexities of certain economic or socio-economic activities require relevant expertise.

Regulatory agencies achieve specific policy objectives in the area under their jurisdiction through formulation of policies/regulations and enforcement. The challenge in formulation of regulation is to prepare the regulated public system (corporate sector, capital market, insurance sector, etc) to continuously adjust itself to changes in the demands/expectations of the constituency that they serve in a non-disruptive manner. It requires Regulator to understand the history, assess the present, visualize the future, anticipate the behaviour of the regulated entities and provide a regulatory framework to ensure that the behaviour of the regulated entities is conducive to achievement of specific policy objectives. Regulator may enunciate the policy objective and expect the market players to behave responsibly to subscribe to the policy objective. Alternatively, Regulators may adopt a prescriptive approach to determine the behaviour of the regulated entities. The former is called “Principle Based Regulation” (PBR) and the later is called “Rule Based Regulation”. (RBR)

Principle Based Regulation (PBR)
This is also known as ‘outcome based’ regulation. PBR set standards or objectives by which the regulated entities must conduct business and regulated entities are expected to work out the processes to achieve the regulatory objectives. PBR allows a much greater alignment of regulation with good business practice. The use of principles is a more grown-up approach to regulation where the regulator believes in the maturity and responsible responses of the regulated than one that relies on prescriptive rules. PBR is also considered as a modern approach to regulation.
Protagonists of PBR believe that Principles enhance compliance by promoting behaviour which is congruent with the objectives of regulation. In particular:

- Principles are drafted at a high level of generality, with a view that they can be applied flexibly to a rapidly changing industry
- They are purposive, expressing the reason behind the rule and guides to behavioral standards
- Principles focus on the purpose behind the rule rather than just on the detailed provision
- Principles offer flexibility for regulated firm and regulator in determining how to comply with the rule. This facilitates responsiveness to market innovation and other developments, enhancing the durability of the Principles and reducing the need for constant amendment
- Principles are hard to manipulate, making creative compliance difficult
- Principles can lead to a de-cluttering of the handbook, focusing attention on the important rule
- Principles can lead to a greater degree of substantive compliance with the purpose of the rule, rather than a 'box-ticking' approach, as they require firms to think through how to comply; as such they can be directly linked to management-based regulation

Initial impression of Principles based regulatory regime is that it affords greater freedom to the regulated entities and also entails responsibilities. Every regulated entity is expected to evolve their practices in congruence with the regulatory objective. The management/Board of Directors of such entities have to take the responsibility for entity behaviour. Regulator also has to take the responsibility to monitor the behaviour of the regulated entities and take enforcement action as may be appropriate at the right time failing which deviant behaviour may get established as an accepted behaviour (precedent).

A principles-based regime is open to interpretation by the regulator through changing market conditions. As what is a behaviour conducive to the regulatory objective is in the discretionary jurisdiction of regulator, the regulatory regime appears uncertain and to that extent regulatory regime appears to be lacking transparency.

The greatest merit of Rule based regulation is "certainty". A Rule-based regime tells everyone what is required to enter a field and compete. Once the rule is promulgated and announced, all entities concerned with implementation of the rule follow the same standard i.e., the regulator, the regulated and appellate bodies read the rule in the way in which they are drafted and imply the meaning that the language of the rule would carry. If the rule is inefficient, the system will wait until the rule is changed but will comply with such inefficient/deficient rule.

**RBR approach has the following limitations:**

- RBR regime stifles innovation and brackets everyone into a standard practice. Assumption that regulated entities may not be responsible entities, convenience in enforcement, anxiety to fix an observed misdeed (knee jerk reaction), extensive generalization from non-repetitive events, attempt to set a middle path between possible two ends of market demand, etc are some of the reasons why Rules create standard framework for market behaviour which may not be most effective framework in terms of reaching out benefits of regulatory regime to the society at large. (For example: frisking every person for security reasons may result in inordinate delays in clearing passengers in the airport and repetitive nature of frisking may provide clues to defeat the frisking hurdle)
- Rules are "best guess" as to the future. The Regulator has to anticipate how the rule will be applied in the future. New
situations may arise that were not expected/known about when the rule was written, and the rule may be interpreted and applied in ways that were not intended or anticipated by the writer. When unintended behaviour manifests in response to the rule implemented, regulator may have to make another rule or amend the rule. This cycle repeats itself

- Rules are never perfectly congruent with their purpose - they are always over-inclusive and under-inclusive. Rules are inevitably either under-inclusive, failing to catch things that the rule maker might want to catch, and/or over-inclusive, catching things that the rule maker might not want to catch when applied to particular sets of circumstances

- Whether a rule is clear or certain depends on shared understandings. Whether or not a rule is “certain” depends not so much on whether it is detailed or general, but whether all those applying the rule (regulator, regulated firm) agree on what the rule means. Interpretations and enforcement latitude may give different meaning to the rule than what the rule-writers meant when the rule was being written

- How rule affects behaviour does not depend solely on the rule. The regulated entities attitude to regulation, the incentive structures/penal structures for compliance and non-compliance, and the approach taken to enforcement, determine whether the regulatory objective will be achieved through that regulation

The following table gives a comparison between PBR and RBR:

**Comparison of Principle Based Regulations and Rule Based Regulations**

<table>
<thead>
<tr>
<th>Principle Based Regulations (PBR)</th>
<th>Rule Based Regulations (RBR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The regulator sets the outcomes that they desire to achieve leaving great freedom to the regulated entities to pursue methods to achieve the desired outcomes considering the realities of their own institutions. Freedom and Flexibility are two important characteristics of PBR</td>
<td>1. Rule based regime forces the regulated entities to stick to the details of the rules and requires compliance with the same. Spirit of the Rule may or may not be explicitly stated by the regulator. Compliance and rigidity are two important characteristics of RBR.</td>
</tr>
<tr>
<td>2. Successful implementation of PBR require an open door policy of the regulator and dialogue between the regulator and regulated to arrive at better understanding of 'outcomes' of regulation and methods of achieving the same.</td>
<td>2. RBR results in policing like supervisory/regulatory style with frequent enforcement actions which are very technical in nature (for example: penalty for not filing the returns in the prescribed format or within the specified date, etc).</td>
</tr>
<tr>
<td>3. PBR appears to an appropriate approach to regulations in these days of complex market structure, product structure and service delivery methods. Also with disappearance of geographical boundaries and emergence of a boundary less virtual global world, PBR could be an effective method of regulation at least for financial and capital markets.</td>
<td>3. RBR requires the regulator to catch up with market developments and constantly review Rules to update the rules relevant and forceful in changing market realities, product structures, etc. Regulator may promulgate rules, often, as a response to developments in the market which may not be comprehensive.</td>
</tr>
<tr>
<td>4. PBR is hazy. As Principles do not provide definite and specific answers, regulated institutions may take extreme positions with respect to the regulated subject which may not be the intent of the regulation. Extreme implementation models may result in denial of the benefits of regulated activity or rashness in the delivery of regulated activity.</td>
<td>4. RBR provides certainty and definiteness to the regulated. Business models can be created safely based on such regulatory certainty.</td>
</tr>
<tr>
<td>5. PBR are in way operational guidelines. RBR may not articulate the objective of the regulation but just enunciate the objective of the regulation. The rules are applicable equally for all regulated entities irrespective of specific realities affecting each regulated entity.</td>
<td>5. RBR provides transparency in the</td>
</tr>
<tr>
<td>6. PBR is fraught with uncertainty in regulatory</td>
<td></td>
</tr>
</tbody>
</table>
response in enforcement situations. Regulator enjoys high amount of discretion which may appear to deny level playing field. Regulator has to set examples by strict enforcement action but every enforcement may get contested in the court of law/appellate bodies.

behaviour or responses of regulator with respect to enforcement of regulation. Regulated entity can rely on precedents and rest assured of justice in enforcement situation.

International experience on regulatory approach

In a research article "The Rise, Fall and Fate of Principle Based Regulations" written by Julia Black, it was observed that:

"In financial regulation, the UK Financial Services Authority is notable for elevating PBR to a regulatory art form. But it is not alone. As Cunningham documents, in North America regulatory regimes for securities, corporations and accounting have been described as, and have positioned themselves as, being 'principles based'. 'Principles-based', evokes images of outcome orientated, flexible regulators harbouring ethical standards in largely responsible corporations.

At least, that is the picture that was conjured up pre-crisis. Pre-crisis, PBR was seen as the solution that firms and regulators were looking for to deliver an effective and responsive regulatory regime. Post-crisis, PBR is seen as being the source of the problem: light touch regulation that placed too much reliance on firms themselves to behave responsibly. Having been one of the regulators most committed to PBR, it is no surprise that the FSA responded with such force against the markets' betrayal. It had had so much reputational capital invested in PBR that when the crisis came, it had no option but to withdraw it from the market".

Meanwhile, other regulators are climbing on the PBR bandwagon just as it appears to be abandoned by one of its main proponents

- In Japan, for example, the head of their Financial Services Authority asserts that it will seek to adopt the right balance between principles and rules in its drive for 'better regulation'.
- In the US, President Obama's blueprint for regulatory reform was committed to using principles based regulation in some form (otherwise known to have followed rule based regulatory approach)
- The OECD continues to support the strengths of principles based regulation although ultimately cautions that the appropriate balance between rules and principles will depend on a number of country specific factors

Indian Experience

Indian regulator, whether it is said or not, adopts RBR approach to regulation. All the regulations, notifications, circulars and guidelines issued by SEBI, IRDA, MCA, Tax Authorities, RBI, etc. generally are very prescriptive and set a framework for the behaviour of the regulated. The objective for which the regulation is issued can be discerned only by referring to the internal notes of the regulator but is generally not stated in the notification. The prescriptive approach of Indian regulators is stated to be one of the reasons due to which Indian market could withstand the recessionary onslaught post 2008 world financial crisis.

However, SEBI for the first time (Feb 2012) has taken stand of shifting to PBR at least with respect to advertisement and valuation of assets in Mutual Fund Regulations. The memorandum to the Board requesting for amendments to Mutual Fund regulations stated that:

"2.1.3. The existing regulations and circulars impose a lot of prescriptions on AMCs/Mutual Funds for compliance e.g. mandatory disclosures in standard warnings, font size, time for audio visual display etc. AMCs have difficulties in complying with the stipulated, detailed and prescriptive norms on advertisements. It is felt that the overall principle of true, fair and meaningful disclosure to investors may not be achieved in circumstances when so many prescriptions are mandat

2.1.4 In order to provide flexibility to AMCs in issuing true and fair advertisements with meaningful disclosure to investors, it is proposed that advertisement code and circulars issued under the MF Regulations may be amended and made principle based as far as possible.

1 (Extracted from article written by Julia Black The Rise, Fall and Fate of Principles Based Regulation, July 2010)
In order to make AMCs responsible & accountable for advertisements, if any misleading or incorrect advertisement is issued by AMCs, it is proposed that it shall attract strong deterrent action under the applicable provisions of SEBI Act and Regulations.

The preamble to amendment of Valuation guidelines state that “The various international practices on asset valuation of CIS/Mutual Funds were examined and it is observed that the fund values its portfolio securities and other assets at fair value, as determined in good faith by fund’s Board of Directors. Further, the fund should ensure that there is a proper and disclosed basis for asset valuation and pricing. The details of the same are placed ……….

This move from RBR approach to PBR approach in advertisements for mutual funds will require all asset management companies/mutual funds to internally evolve operational guidelines to guide their compliance and marketing teams in drafting ‘a compliant advertisement text’. It will not be surprising if individual AMC or all AMCs together rely on the old circulars and pre-amended advertisement guidelines to decide whether or not an advertisement text is complaint since the new advertisement code enunciates principles and not rules. For example, old code states what should be the minimum ingredients of a New Fund Offer advertisement. The new code requires that the advertisement should be complete, true and should not be misleading, etc. What is complete is to be determined by individual mutual fund. In the absence of help from regulation, it is possible that the industry will revert to the old code which describes the minimum ingredients.

Culturally, Indian industry is used to prescriptive regulations and approval/permit orientation in compliance. It is necessary to assess whether the industry is matured enough to adapt to PBR; and Regulators also have to demonstrate their objectivity and promptness in enforcement of regulations. In the current ethical environment, it is skeptical to expect such objectivity. If the regulator is not prompt in taking enforcement action on opportunistic entities that exhibit behaviour not in congruence with regulatory objective, it may encourage every other entity to ‘try until caught’. On the day deviant behaviour becomes the norm; regulator will have a tough time correcting the situation both administratively and politically.

Conclusion

“In practice, characterising a regulatory regime as rules based or principles based do not take us very far, descriptively or normatively. It is hard to classify any one regulatory regime as being either entirely rule based or entirely principles based; the better question is what is, and should be, the relative roles of each. Neither principles nor rules usually function particularly successfully without the other”. Therefore, it is desirable that Regulators articulate the Principle while making broad rule based regulations and encourage regulated entities individually or collectively evolve and publish the micro rules that they would follow to achieve the “regulatory outcomes”.

Indian regulator, whether it is said or not, adopts RBR approach to regulation. All the regulations, notifications, circulars and guidelines issued by SEBI, IRDA, MCA, Tax Authorities, RBI, etc. generally are very prescriptive and set a frame work for the behaviour of the regulated.
Since the decision of the Supreme Court in Vodafone’s case and retrospective amendments made in the Income Tax Act, 1961 (Act) by the Finance Act, 2012, to counteract the court’s decision, the justification of making such amendment is being debated vociferously. It is, prima-facie, surprising that though the practice of making retrospective amendments to the Act has been in vogue since umpteen years in India and in other countries and the country’s taxpayers have suffered the ignominy of such laws, the issue has suddenly come up in a big way because a foreign-based company becomes liable to huge tax demands consequent to such amendments.

Retrospective amendments have been made by various Finance Ministers in the past (including S/Shri Manmohan Singh and P. Chidambaram) whose brunt had to be borne by the lower and middle income taxpayers in the country because these constitute nearly 90 to 95% of the total taxpayers. But acute anxiety for such amendments had never been shown in this matter in the past.

WHAT IS RETROSPECTIVE AMENDMENT?

As per section 3(13) of the General Clauses Act, the term ‘commencement’ used in the context of an Act, passed by Parliament, means the day on which the Act becomes enforceable. Unless provided otherwise, a Central Act comes into
operation on the day it receives the Presidential assent and is
construed as coming into operation immediately on the expiration
of the day preceding its commencement. This, if a Central Act is
assented to by the President on 1st of January [say at 1.00 p.m.],
it would be construed to have come into operation the midnight
between 31st July and 1st January. However, many a times, the
Acts passed or some provisions of the same are made to operate
retrospectively. The laws relating to crimes (like Indian Penal
Code) cannot be made to operate retrospectively.

In simple words, 'retrospective' implies looking back,
contemplating what is past, one, which is made to affect acts or
facts occurring or rights occurring, before it came into force. Every
statute, which takes away or impairs vested rights acquired under
existing laws, or creates a new obligation, imposes a new duty, or
attaches a new disability in respect to transactions or
considerations already past. Retroactive statute means a statute,
which creates a new obligation on transactions or considerations
already past or destroys or impairs vested right (Darshan Singh v.

In general, the courts regard as retrospective any statute, which
operates on cases or facts coming into existence before its
commencement in the sense that it affects, even if for the future
only, the character or consequences of transactions previously
entered into or of other past conduct (Volume 44 Halsbury's Laws

Differently speaking, retrospective law means a law, which looks
backward or contemplates the past, one which is made to affect
acts or facts occurring or rights occurring, before it came into
force.

It has been held by the Apex Court that retrospective laws do not
affect settled rights [Govinddas v. ITO (1973) 103 ITR 123 (SC)].
This position has also been accepted by FM in the context of
section 14A, which was inserted in the Act by the Finance Act,
2001 w.e.f. 01.04.62, but whose application was later restricted
by the Finance Act, 2002 by addition of a proviso to the effect that
the retrospective amendments will not enable the I.T. Dept. to re-open
or rectify assessments for any A.Y. before 1st April, 2001 - the
date from which new law was to apply.

RETROSPECTIVE AMENDMENTS PROPER SAFEGUARDS

The retrospective amendments have been made by FM, Shri
Pranab Mukherjee, with his long seasoned experience with proper
safeguards. In his opening speech in Parliament on Finance Bill,
2012, he announced the following commitments:

- Clarificatory amendments will not override DTAAs or double
taxation avoidance agreement that India has with other
countries
- Retrospective clarification will impact cases, where the

transaction has been routed through low tax or no tax
countries, with whom India doesn’t have a DTAA

- The retrospective clarificatory amendments will also not be
used to reopen any cases, where assessment orders have
been finalized. Shri Pranab Mukerjee had asked the CBDT to
issue a policy circular to clearly state this position after the
passage of the Finance Bill

PM’s (AS FM) REACTION

After the election of Shri Mukerjee as the President of India, the
FM’s charge was assumed by Shri Manmohan Singh, PM. Though he
did not object to such proposals during Shri Mukherjee’s tenure as FM, when Finance Act, 2012 was
discussed and passed, he developed serious misgivings to
retrospective amendments after his taking over the charge of the
Finance Ministry and decided to get the same examined by a
Committee, headed by Shri Parthasarathi Shome (earlier Advisor
to FM, Shri Chidambaram), which was earlier appointed by him
and was examining the issues concerning GAAR, by his office
Note dated 30.07.12, stating that ‘the applicability of the
amendment on taxation of non-resident transfer of assets, where
the underlying asset is in India, in the context of non-resident
taxpayers’, be examined. The Committee, within a period of 9
weeks (on 09.10.12) gave a report (calling it ‘interim’) on the entire
issue of retrospective amendments, though its mandate was
limited to examination of such amendments only in respect of
non-residents in situations, where the underlying asset is in India.
Prima-facie, the Committee has exceeded its brief in giving its
report on retrospective amendments.

SHOME COMMITTEE’S REPORT -
MAJOR RECOMMENDATIONS

The Report says that retrospective application of tax law should
be applied only to correct apparent mistakes / anomalies in the
Act; to remove technical defects, particularly in procedures that
had vitiated the substantive law; to protect the tax base from
highly-abusive tax-planning schemes and not to ‘expand’ the tax
base. It emphasized that retrospective amendments to tax laws
can be made only in the rarest-of-rare cases and cannot be made
for expanding the tax base. Also, such amendments should be
made only after exhaustive and transparent consultations with the
taxpayers, who would be impacted by it.
The Committee has objection to the retrospective amendments in the fourth category only i.e. those relating to expansion of tax base.

The Committee has imported the phrase 'rarest-of-rare' cases, which has been used by the Supreme Court and High Courts in the context of 'death penalties' in Criminal law, to which branch of law retrospective amendments cannot be made. The courts have mentioned the standards, which are to be taken into account to bring cases within this phrase.

The need for using this phrase in the context of I.T. law seems to be misconceived. In any case, the Committee should have laid down the guidelines, to be taken into account, for determining as to which situations can fall in the category of 'rarest-of-rare' cases. Regrettfully, the Committee has not done so.

No person should be treated as assessee in default under section 201 of the Act, or a representative assessee of a non-resident, in respect of a transaction of transfer of shares of a foreign company having underlying assets in India and where gains arising on such transfer is taxable in India on account of retrospective amendments carried out through Finance Act, 2012.

JUSTIFICATION FOR RECOMMENDATIONS

In several countries, there is constitutional or statutory protection against retrospective application. Countries such as Brazil, Greece, Mexico, Mozambique, Paraguay, Peru, Venezuela, Romania, Russia, Slovenia and Sweden have explicitly banned retrospective taxation.

The provisions quoted from the different countries' laws read as under:-

- Article 78(2) - Greece: A tax may not be imposed by a retroactive statute
- Article 201 - Mozambique: Law may only be retroactive when this is to the benefit of citizens and other legal persons
- Article 57 - Russia: Laws, introducing new taxes or deteriorating the position of taxpayers, may not have retroactive effect

IMPERFECTIONS IN THE REPORT

The Report, having been hurriedly prepared without any wide-scale deliberations/discussions, suffers from various deficiencies. Some of these are:-

[i] There cannot be a clear-cut differentiation of retrospective amendments in 4 categories, as conceived by the Committee. There could be overlapping. Further, who will be the deciding authority and as to in which categories various retrospective amendments fall?

[ii] The Committee has raised objection regarding retrospective amendments to 'expanding the tax bases', but has not said anything about increasing the tax rates retrospectively. This would be a worst scenario vis-à-vis expansion of tax base.

[iia] An example of increasing the tax rate retrospectively is provided by section 115A of the Income-tax Act with the heading 'Tax on short-term capital gains'. The proviso to this section, inserted by the Finance (No.2) Act of 2004 (w.e.f. 01.04.05) provided for tax @5% on short-term capital gains. This has been increased to 10% & 15% respectively on sale of equity shares/unit, which attract STT. The increase to 15% from 10% was made by the Finance Act, 2012 retrospectively from 01.04.09.

The Report is silent on such situations.

[iii] The Committee's recommendations, if accepted, would limit Parliament's power for amendment of Direct Tax laws, for which there is no prohibition in the Constitution of India. Hence, for implementing the Committee's recommendations, the Constitution of India will need amendment.

[iv] If the examples of the countries mentioned in the Report are to be followed, the Constitution will have to provide for a ban on retrospective amendments, which can only be total. In that situation, the four fold categorization given by the Committee cannot be implemented. Incorporating the four fold categorization in the Constitution, obviously, is not possible. Hence, the recommendations given become irrelevant.

[v] Consultation with stakeholders concerning retrospective amendments is an impractical suggestion, which is incapable of implementation. Firstly, this suggestion rules out such amendments through Finance Acts considering the secrecy that is being maintained by the Govt. concerning budget proposals. Further, the suggestion is prima-facie, against human nature. No one is likely to agree to retrospective amendments, which are likely to hurt him.

[vi] The suggestions made by the Committee would even render nugatory the prospective taxation.

The Committee wants future transactions routed through tax jurisdictions, with whom India has double taxation avoidance agreements (DTAAs) not to be liable to tax like capital gains tax unless there is specific provision for such tax in India in the relevant tax treaty. This view, if accepted, would make even the prospective taxation ineffective and redundant unless the provisions in tax treaties, like with Mauritius, are amended. The
Reference to Shome Committee Regarding Retrospective Amendments - Hastily Conceived and Imperfectly Executed

Committee's love for Mauritius, as evidenced from GAAR Report, will not allow this to happen. Hence, in respect of certain gains, there will neither be retrospective nor prospective taxation. These will have to go tax-free.

**THE REPORT IS THEORETICAL, ACADEMIC AND DOCTRINAL IN APPROACH - NOT BACKED BY ANY EMPIRICAL STUDIES**

As stated earlier, the Committee has not given any estimate as to what would be the tax impact i.e. positive or negative effect in monetary terms of its recommendations. According to a report in Business Standard Paper of 10.10.12, the Govt. may take a hit of Rs.40,000 crores if it accepts the recommendations of the Shome Committee to apply amendments prospectively. Another report in the Economic Times of 24.10.12 has also estimated tax impact (revenue loss) consequent to acceptance of the Committee's report. The estimates are:-

- Rs.1,00,000 crores (according to papers' estimate) will be the I.T. Dept.’s loss if Committee’s suggestion on making retrospective amendments from the current year is accepted.
- Rs.35,000-45,000 crores tax loss by the Finance Ministry has been estimated because of acceptance of the Committee's report.

The Committee has not indicated as to what would be the gain to the country by annulling retrospective amendments. Only there is expectation that more foreign investment will flow because of this, though no study of any kind has been made in this direction.

In the write-up in the Economic Times, the concern of the I.T. Dept. towards the recommendations of the Committee has also been mentioned. The report shows that the tax authorities are likely to oppose most of the conclusions of two panels, both headed by tax expert Parthasarathi Shome, on the ground that the Govt. would suffer loss of revenues.

According to the Paper, acceptance of the recommendations of the Committee would lead to 'refund of hundreds of crores that have been collected as tax on indirect transfers at various stages of litigation'. After the acceptance of the recommendations and status-quo being restored by the Dept. in completed and pending proceedings, it will have to say that it has no case. The Govt. is reported to have told the Rajya Sabha earlier this year that the Govt. could raise Rs.35,000-40,000 crores from this change in the law in the current year itself.

Mr.Govind Rao of IIPFP has expressed his misgivings saying -

"You can't abolish tax to curb tax evasion.... To me, it's like throwing the baby and retaining the bath water... GAAR is an instrument to tackle tax compliance... Fear of getting caught is more important than getting caught for compliance."

An Expert Committee suggesting doing away with retrospective amendments is expected to have done extensive studies, including that relevant to financial implications, practices prevalent in other countries, where such enactments are still in vogue, how those countries (not only quoting the laws of countries, where such amendments are barred by their Constitutions) have dealt with the problems relating to retrospective amendments and in what form it can be continued in the Indian context and other connected aspects, including those relating to tax base. Wide open discussions should have been made with stakeholders. Regrettfully, only few stakeholders have been consulted within the limited time available and the report, to say with utmost respect to the Committee, has been prepared in a summary way without deep studies to support the conclusions reached. This has been, perhaps, because of pressure on the Committee to give its report hurriedly. The hurry to deal with retrospective amendments is apparent from Shri Chidambaram's statement appearing in the Business Line of 09.10.12, where he has said that the UPA Govt. will not wait for the Budget session of Parliament for making retrospective amendments to the Income-tax law, if its final view requires legislative changes. It may be mentioned that the final report of the Committee is yet to be received.

**MID-TERM AMENDMENTS**

The problem relating to retrospective amendments also raises issue regarding the mid-term withdrawal of exemptions, deductions and other tax benefits, which are there in the I.T. Act, but which the Govt. desires to withdraw midway by prospective amendments. This was done in the past. An illustration of such withdrawal relates to Investment Allowance about which Late Shri N.A. Palkhiwala had expressed his anguish saying -

"...is there much to choose between a tax-evading citizen and a promise-evading Govt.?"
An Expert Committee suggesting doing away with retrospective amendments is expected to have done extensive studies, including that relevant to financial implications, practices prevalent in other countries, where such enactments are still in vogue, how those countries (not only quoting the laws of countries, where such amendments are barred by their Constitutions) have dealt with the problems relating to retrospective amendments and in what form it can be continued in the Indian context and other connected aspects, including those relating to tax base.

The recent instance of this nature relates to provision concerning SEZ Developers. The immunity from minimum alternative tax that was earlier available to SEZ developers and units in SEZs was withdrawn from 01.04.12.

Such decisions too raise the issues regarding propriety and fairness and create almost the same impact as retrospective amendments as such amendments too affect the business planning done by taxpayers in regard to their production schedules, cash-flow, etc. These should be as objectionable as retrospective amendments. Can the Govt. give assurance that it will not resort to such amendments also?

**SUMMING UP**

Expert Groups are constituted to study the problematic aspects referred to them, on which Govt. is not able to take firm decision for being studied in great detail from all aspects. For this, there has to be clarity in the Govt.’s thinking on Policy lines as to what are objections to the law such as that enacted by the Finance Act, 2012, what is sought to be achieved in the context of retrospective amendments introduced by this Act, what should be realistic time limit within which the Committee should finalise its suggestions in the background of existing conditions and the impact of the new legislation on existing economic, social and political scenario.

The Committee, on its part, need to do a perfect and sincere job – not merely trying to adhere to the time limit given to it, conduct its work with completeness and transparency on the basis of discussion with the taxpayers, tax experts, Economists, fiscal experts, etc. Obviously, this cannot be possible in just few weeks time and the Committee, instead of rushing through the work to meet the time limit set by the Govt., should be bold enough to say that the exercise cannot be completed in the short time given, assess the time required to complete the study and inform the Govt. about the same. When a study is entrusted to an Expert Body, it has to do a through exercise and not give summary reports in short times to provide alibis to the Govt. to implement its pre-set decisions.

**CONCLUDING COMMENTS**

The main object of withdrawing retrospective amendments, as suggested by the Committee, is to protect the Investors’ interest especially from the foreign countries. However, it needs to be appreciated that merely bringing changes on the Income-tax front only cannot be a solution to this problem. In the World-IFC Study on "Doing Business, 2013", it has been said that it is tough doing business in India. In this report, 185 nations have been covered and India’s rank is 132nd in terms of ease of doing business. Regrettfully, India trails even behind Sri Lanka, Bangladesh, Pakistan and Nepal. India’s ranking has dipped in several key areas even vis-à-vis last year’s report. Person, trying to do business in India, has still to struggle with various regulations, despite dispensation of licences, problems relating to land acquisition, power, labour, water, etc. Further, for a business to succeed, it needs other infrastructure besides land, electricity and communications. Land acquisition rules in many respects still need substantial revamp. Outmoded labour laws and non-availability of skilled employees too are serious concerns. Therefore, a comprehensive approach for soliciting foreign investment is necessary - not merely withdrawal of retrospective amendments. The problem needs to be tackled in a coordinated manner and not by a short-term study on retrospective income-tax amendments by a Committee, giving its report in 9 weeks’ time.

However, the Govt. needs to be fair in situations of retrospective amendments. Where extra tax demand results because of such amendments, there should be no levy of interest for non-payment of advance tax and under sections 234A, 234B & 234C of the Act and also no penalties be imposed in such cases.
Human rights stem from the dignity and worth inherent in a human being. Human rights and fundamental freedom have been reiterated in Universal Declaration of Human Rights and in the sacrosanct Constitution of India. There is no denying the fact that democracy, development and respect for human rights and fundamental freedoms are inter-dependent and have mutual reinforcement.

Section 2(d) of Protection of Human Rights Act, 1993 defines human rights to mean ‘the rights relating to life, liberty, equality and dignity of the individual guaranteed by the Constitution and embodied in the International Covenants and enforceable by courts in India.” Kofi Annan, the then UN Secretary General had stated, “Human rights are what reason requires and conscience demands. They are us and we are them. Human rights are rights that any person has as a human being. We are all human beings; we are all deserving of human rights. One cannot be true without the other.” Darren O’Byrne talks of three generations of human rights - civil and political rights (first generation rights), economic, social and cultural rights (second-generation rights) and collective and land rights (third-generation rights). To protect human rights is to ensure that people receive some degree of decent, humane treatment. To violate the most basic human rights, on the other hand, is to deny individuals their fundamental moral entitlements. It is, in a sense, to treat them as if they are less than human and undeserving of respect and dignity.

Human rights abuses have been around for many centuries and history is littered with innumerable examples. And in the business world, there are instances galore where companies have indulged in unabashed abridgement and trampling of human rights of the people. And in most cases, these offending companies have evaded the law of the land for various reasons. Following is an illustrative list of human rights violations by companies in India or Indian subsidiaries of foreign companies or joint venture enterprises.

In the context of the industrial disasters like the Bhopal gas tragedy and frauds by companies like the Satyam scam, the new law regulating companies must contain comprehensive provisions to deal with all facets of human rights violations so that every man, woman and child is able to have a peaceful life.
Coca-Cola Plant in Village Placimada (Distt. Palakkad-Kerala)

Coca-Cola set up a bottling plant in village Placimada (Distt. Palakkad-Kerala) in 2000 and began extracting 1.5 million liters of deep well water which it bottled and sold under the names of Dasani and Bontequa. The groundwater was severely depleted affecting thousands of communities with water shortages and destroying agricultural activity. As a result, the remaining water became contaminated with high chloride and bacteria levels leading to scabs, eye problems and stomach aches in the local population. The company was also guilty of reselling its plants industrial waste to farmers as fertilizers despite its continuing hazardous lead and cadmium. Upon the petition, filed by the aggrieved party, the single judge of the Kerala High Court restrained the company from extracting further groundwater through the wells on its land. The decision was however reversed by a Division bench. The aggrieved party has now appealed to Supreme Court where the case is pending.

Bhopal Gas Tragedy

Described as the worst disaster, methyl isocynate, a deadly gas, escaped from the Union Carbide (India) Ltd. plant at Bhopal (Dec 3, 1984) into the neighborhood and beyond. Thousands of people were left severely disabled of whom 22,000 have since died of injuries. The disaster killed 3000 animals and has polluted water resources besides causing environmental degradation. It is said that even now, danger is posed by the continued storage of the offending chemicals in vats, hardly guarded in the premises of the factory.

Shriram Foods and Fertilisers, New Delhi

Shriram Foods and Fertilisers Industries, subsidiary of Delhi Cloth and General Mills Ltd., had several units engaged in the manufacture of caustic soda, chlorine, hydrochloric acid, stable bleaching powder, super phosphate, vanaspati, soap, sulphuric acid, alum anhydrous sodium sulphate, high test hypochlorite. All units were set up in a single complex and surrounded by thickly populated residential colonies in the heart of Delhi. On December 4 and December 6, 1985 a major leakage of oleum gas took place from one of the units which resulted in the death of several persons. On Dec 6 itself, the District Magistrate directed that the establishment should cease carrying on the occupation of manufacturing and processing hazardous and lethal chemicals and gases.

Bichhri Village (Rajasthan) case

Bichhri is a small village in Udaipur Distt. of Rajasthan. To its north is a major industrial establishment Hindustan Zinc Limited, a public sector concern. Sometime in 1987, Hindustan Agro Chemicals Ltd. started producing certain chemicals like oleum and single super phosphate. A sister concern Silver Chemicals commenced production of ‘H’ acid in a plant located in the same complex. Jyoti Chemicals is another unit established to produce ‘H’ acid. All the units were located in the complex within the limits of Bichhri village. The toxic untreated waste waters were allowed to flow out freely. The untreated toxic sludge was thrown in the open in and around the complex. The toxic substances percolated deep into the bowls of the earth polluting the aquifers and the sub terranean supply of water. The water in the wells and the streams turned dark and dirty rendering it unfit for human consumption. It also became unfit for cattle to drink.
and for irrigating the land. The soil became polluted rendering it unfit for cultivation. It spread disease, death and disaster in the village and surrounding areas. Besides damage to the crops and the land, it led to the psychological and mental torture of the villagers.

**Nakkavagu case**

Patancheru industrial area (Medak district - Andhra Pradesh) comprises Patancheru, Bollaram, Pashamyaram, Khazipalli, Gaddapotharam, Bonthapalli and the Chitkul industrial clusters which are located in the Nakkavagu basin. Majority of the industries in the basin are bulk-drug or pharmaceutical industries. The use of tones of organic and inorganic chemical compounds used as raw material is hazardous to the life of the people in the basin. The high temperature conditions and evaporation rates have resulted in the increase of concentration of the pollutants in the effluents. Salt incrustations in the soils adjacent to Nakkavagu have become common affecting the growth of flora in the region. Many villages are facing problem of drinking water. The impact assessment studies have indicated considerable adverse impact on the environment.

**Pollution by tanneries in Tamil Nadu**

Tanneries and other industries discharge untreated effluents into agricultural fields, road sides, water ways and open lands in the state of Tamil Nadu. The untreated effluents were finally discharged in the river Palar which was the main source of water supply to the residents of the area. The entire surface and sub-soil water of the river was polluted resulting in non-availability of potable water to the residents. Due to the operation of these tanneries, environmental degredation has been caused. A survey by Tamil Nadu Agricultural University Research Centre, Vellore revealed that nearly 35,000 hectares of agricultural land in the tanneries belt had turned out partially or totally unfit for cultivation. The effluents had also spoiled physio-chemical properties of the soil and contaminated groundwater by percolation. An independent survey found that 350 wells out of 487 used for drinking and irrigation purposes were polluted.

**Dabhol Power Project Case**

In May 1992, India invited Enron Corporation to explore the possibilities of building a large power plant in Maharashtra. In December 1993, Maharashtra State Electricity Board signed an agreement with Dabhol Power Corporation (DBC). It was a company based in Maharashtra formed to manage and operate the Dabhol power plant. The plant was built through the combined effort of Enron, G.E. and Bechtel. GE provided the generating turbines to Dabhol, Bechtel constructed the physical plant and Enron was charged with managing the project through Enron International. The plant was to be constructed in two phases. In May 1995, hundreds of villagers swarmed over the site and a riot broke out. The security forces guarding Dabhol for Enron were charged with human rights abuses and Enron for being complicit. On August 3, 1995, Maharashtra Govt. ordered the project to be halted because of inter alia, lack of transparency and environmental hazards. The first phase went on line in May 1999. Enron went bankrupt in 2005 and the plant was taken over by Ratnagiri Gas and Power Private Limited in July 2005.

There were human rights abuses allegations galore. The power plant had unfairly acquired villagers lands and had diverted scarce water for its needs. The problem of water diversion became severe in 1996-97. It was further compounded by severe contamination of potable water due to untreated sewage being dumped into the water. The villagers’ legitimate concerns for their livelihood and environment were ignored or dismissed. The water which contained toxic effluents were likely to raise the temperature of the water and cause pollution which could kill fish and prawns. In essence, the Dabhol power project was found to be approved without adequate study of economic, environmental and social concerns and consequences.

**In re Bhavani River - Sakthi Sugar Ltd. Case**

Sakthi Sugars Limited was operating without caring for the grave environmental consequences. The seepage of the effluent from Lagoon C joined the drain and ultimately reached Bhavani river polluting river water. A writ petition was filed against the company. The affidavit filed by TN Pollution Board (Jan 1998) contained directions (under Section 33-A of the Water Act, 1974) aimed at ensuring proper storage of effluents in lagoons and for proper treatment and disposal of the treated effluents. The Supreme Court in its judgement (July 30, 1998) stated that the Division Bench of the Madras High Court had failed to appreciate the true significance of the matter regarding the need to arrest the unabated pollution which had become a health hazard and environmental enemy because of the discharge of objectionable effluents from the distillery into Bhavani River and adjoining areas.

Besides the above illustrative list, there are various other instances of human rights violations by companies in the country some of which are listed below:

i) Imbalances of ecology and hazard of healthy environment due to working of lime-stone quarries (Rural Litigation and Entitlement Kendra, Dehradun AIR 1985 SC 652).


iii) drinking water problems and salination of ground-water, the denudation of mangrove areas and loss of agricultural land besides several social problems viz., denial of free access...
The International Commission of Jurists has prepared a very comprehensive 104 page report (Geneva, 2011) on human rights abuses involving corporations in India. In the part relating to legal liability for corporations under Indian law, the report has reviewed various laws that might be relied upon by victims to make companies accountable for human rights abuses.

(ii) Constitutional Law

The Constitution of India sets out a comprehensive list of Fundamental Rights (Articles 12 - 35). Special mention needs to be made of Article 21 which provides that "no person shall be deprived of his life or personal liberty except according to the procedure established by law". The Supreme Court has in various judgments widened the scope of 'life' to mean more than mere physical existence to live with human dignity and all that goes along with it including the rights to health, livelihood, free and compulsory education upto the age of 14, unpolluted environment, shelter, clean drinking water, privacy, legal aid, speedy trial. Article 21 has also been used to grant compensation for violations of fundamental rights.

The interpretation of Article 12 (which defines the term 'the State') by the Supreme Court is that the protection of all fundamental rights could be claimed against public companies while only those fundamental rights that expressly or by judicial interpretation apply horizontally may be claimed against private companies. Moreover, the current climate of liberalization and free market economy may not afford adequate protection of fundamental rights against private companies.

The Directive Principles of State Policy (Articles 36 - 51) which embody socio-economic rights are not enforceable by any court, but are "fundamental in the governance of the country and it shall be the duty of the State to apply these principles in making laws" (Article 37). Technically, the Directive Principles cannot be employed directly against companies especially because they are non-justiciable. However, in some cases, the Supreme Court has observed that even private corporate actions would be subject to the mandate of Directive Principles.

(iii) Companies Act, 1956

The Companies Act, 1956 contains several provisions (Sections 63, 68, 162, 168, 207, 218, 232) that contemplate criminal...
liability of companies and/or its relevant officers in various situations. But every offence under the Act is a non-cognizable offence. Moreover, Section 621 provides that "no court shall take cognizance of any offence against this Act, which is alleged to have been committed by any company or any officer thereof, except on the complaint in writing of the Registrar (of Companies), or of a shareholder of the company, or of a person authorized by the Central Government in that behalf."

Thus, the Company law framework as at present does not offer much hope for victims of human rights abuses. The Corporate Social Responsibility Voluntary Guidelines issued by Ministry for Corporate Affairs (December 2009) lay down the following as a fundamental principle,

"Each business entity should formulate a CSR policy to guide its strategic planning and provide a road map for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board."2

The Guidelines further provide that the CSR policy should cover issues such as care for all stakeholders, ethical functioning, respect for workers' rights, human rights and their environment, and activities to promote social and inclusive development.

The revised Companies Bill, is likely to be introduced in the monsoon session (July 2012). The Parliamentary Standing Committee on Finance has recommended that corporate social responsibility be made mandatory. It has recommended that companies with net worth above Rs.500 crore or an equivalent turnover of over Rs.1000 crore must earmark 2% of average net profits of three years towards CSR. If the report is passed, it would be the first time in the world that CSR would not be a voluntary issue but incorporated in law making it mandatory (The Economic Times - June 13, 2012).

(iv) Criminal Law

The Indian Penal Code, 1860 is the main corpus of criminal law. Section 2 provides that every person shall be liable to punishment under this Code and not otherwise for every act of omission contrary to the provisions thereof of which he should be guilty within India. Section 11 defines 'person' to include any company or association of body of persons, whether incorporated or not. The question whether a corporate body should or should not be liable for criminal actions, resulting from the acts of some individual, must depend upon the nature of the offence, the relative position of the office or agent vis-à-vis the corporate body and other relevant facts and circumstances which should show that the corporate body, as such, meant or intended to commit such act. The Supreme Court in Standard Chartered Bank v. Directorate of Enforcement held that a company cannot avoid criminal liability merely on the ground that the mandatory punishment provided for a given offence is both 'imprisonment and fine'. In such cases, the term "and" should be construed as "or" and the company should be punished with a fine. Justice Balakrishnan observed,

"The corporate bodies, such as a firm or a company, undertake a series of activities that affect the life, liberty and property of the citizens. Large-scale financial irregularities are done by various corporations. The corporate vehicle now occupies such a large portion of the industrial, commercial and sociological sectors that amenability of the corporation to a criminal law is essential to have a peaceful society with stable economy."

This legal position was reaffirmed by Supreme Court in Iridium India Telecom Ltd. v. Motorola Incorporated.4

The courts in India try to identify the officers who acted as the controlling or directing mind of the company at the relevant time. In U.P. Pollution Control Board v. Modi Distillery, the Supreme Court held that the Managing Director, Directors and other persons responsible for the company's conduct could be prosecuted even if, due to a technicality, the company was not prosecuted. The court reasoned that it would be a travesty of justice if a big business entity were allowed to defeat the prosecution launched and avoid facing the trial on a technical flaw which is not curable.

2 Ministry of Corporate Affairs Guidelines Dec. 2009  
3 (2005) 4 SCC 530 at p 550  
4 Criminal Appeal No.688 of 2005  
5 (1987) 3 SCR 798
(v) Law of Torts
The ICJ report observes that tort law has proven all over the world to be the strongest basis for suits against companies for a range of human rights violations. And the companies can be held liable for torts committed by their agents or servants and a foreign parent company may be held liable for a tort committed by its Indian subsidiary by piercing the corporate veil (Union Carbide Corporation v. Union of India, (1988)MPLJ540). The Supreme Court has over the years evolved the concept of 'constitutional torts' whereby it treats harm to life and liberty as a violation of fundamental rights enumerated in the Constitution and awards compensation for such wrongful acts. And secondly, the M.C. Mehta v. Union of India 6 developed the absolute liability principle. The Court reasoned that the 19th century Rylands v. Fletcher principle of strict liability was not suitable to meet the needs of a modern industrial society when it observed, "An enterprise which is engaged in a hazardous or inherently dangerous industry which poses a potential threat to the health and safety of the persons working in the factory and residing in the surrounding areas owes an absolute and non-delegatable duty to the community to ensure that no harm results to anyone... The enterprise must be absolutely liable to compensate for such harm and it should be no answer for the enterprise to say that it had taken all reasonable care and that the harm occurred without any negligence on its part."

(vi) Environmental laws
Though there were laws relating to wild life protection, forest conservation and prevention and control of water pollution and air pollution, the Bhopal Gas tragedy (December 1984) triggered the enactment of a stringent and comprehensive Environment (Protection) Act, 1986. Section 16 dealing with companies states that where an offence under the Act has been committed by a company, every person who, at the time the offence was committed, was directly in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly. The section also deals with individual liability of corporate officials and stipulates that when an offence is committed by a company and it is proved that the offence has been committed with the consent and connivance of, or is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such corporate official shall also be deemed to be guilty of the offence.

The Public Liability Insurance Act, 1991 aims to provide immediate relief to persons affected by accidents occurring while handling hazardous substance and for matters connected therewith or incidental thereto. Section 3 provides that where death or injury to any person (other than a workman), or damage to any property has resulted from an accident, the owner shall be liable to give the specified compensation. It further provides that the claimants are not required to plead and establish that the death, injury or damage was due to any wrongful act, neglect or default of any person.

The ICJ further observes that environmental jurisprudence has been greatly enriched by judicial evolution. Firstly, the Supreme Court has held (M.C. Mehta v. Kamal Nath) 7 that the ancient Roman doctrine of 'public trust' is part of Indian law - while quashing the permission/lease granted to the company in question to set up a motel and ordering it to pay compensation by way of cost for the restitution of the environment and ecology of the area, it held that the State as a trustee is under a legal duty to protect the natural resources and that these resources meant for public use cannot be converted into private ownership. Secondly, there was the evolution of the principle of "the polluter pays" (Indian Council for Enviro-Legal Action v. Union of India 8 where the Supreme Court ruled that the responsibility for repairing the damage is that of the offending industry) and "precautionary principle" (Vellore Citizens Welfare Forum v. Union of India 9 wherein the Supreme Court outlined that environmental measures by the government and other authorities must anticipate and counter the causes of environmental degradation, and that where there are threats of serious and irreversible damage. Lack of scientific certainty should not be used as the reason for postponing measures to prevent environmental degradation and that the onus of proof is on the actor or the developer to show that his action is environmentally benign.

(vii) Workers' Welfare laws
A good number of labour and industrial laws have the avowed
Objective of protecting a wide range of interests of workers and to shield them from exploitation by employers. Particular mention needs to be made of Bonded Labour Abolition Act, 1976 which seeks to abolish the bonded labour system with a view to preventing the economic and physical exploitation of vulnerable sections of society. Section 4 (2) provides that no person shall compel any person to render any bonded labour or other forms of forced labour. It is worth mentioning here that the Census 2001 put the figure of 1.26 crores of working children in the age group of 5-14 of which 12 lakh children working in hazardous occupations and processes. Further, the 1987 amendment of Factories Act, 1948 makes directors personally responsible for the health and safety of factory workers.

(viii) Land Acquisition Act
The Land Acquisition Act, 1894 places both substantive and procedural restrictions on the sovereign power of the government to acquire land from private parties. Moreover, Article 300A of the Constitution affords constitutional protection to shield them from exploitation by employers. Particular mention needs to be made of Bonded Labour Abolition Act, 1976 which seeks to abolish the bonded labour system with a view to preventing the economic and physical exploitation of vulnerable sections of society. Section 4 (2) provides that no person shall compel any person to render any bonded labour or other forms of forced labour. It is worth mentioning here that the Census 2001 put the figure of 1.26 crores of working children in the age group of 5-14 of which 12 lakh children working in hazardous occupations and processes. Further, the 1987 amendment of Factories Act, 1948 makes directors personally responsible for the health and safety of factory workers.

(i) Damages and Injunctions
A company involved in human rights abuses is most commonly sued under tort law principles for damages or compensation. Compensation can also be sought under writ petitions filed under Article 32 or Article 226 of the Constitution, or under statutory provisions. Damages may be substantial (to compensate the victims) or exemplary (to have a deterrent effect). The Supreme Court in the Oleum Gas Leak case of M.C. Mehta v. Union of India observed that where a company was involved in hazardous or inherently dangerous activity, the compensation must be correlated to the magnitude and capacity of the enterprise because such compensation must have a deterrent effect. The larger and the more prosperous the enterprise, the greater must be the amount of compensation payable by it for the harm caused on account of an accident in carrying on of the hazardous or intensely dangerous activity by the enterprise.

Unfortunately, damages awarded in tort actions in India are rather low and do not have any deterrent effect. This was, as per the ICJ report, one of the reasons why the Government of India filed a suit against Union Carbide Corporation (UCC) before the US courts rather than in India.

The courts may in appropriate cases where award of damages will not provide an adequate remedy, grant the specific relief of an injunction against a company that is breaching rights of individuals and causing harm to the person or property. The Supreme Court and the High Court can also issue any directions under Articles 32 and 226 of the Constitution, or under Articles 32 and 226 of the Constitution, or under statutory provisions. Compensation can also be sought under writ petitions filed under Articles 32 and 226 of the Constitution, or under statutory provisions.

(ii) Criminal Sanctions
a) Under Code of Criminal Procedure, 1973: Section 305 implies that companies can be prosecuted for crimes. Further, the courts may award compensation to victims under Section 357. By virtue of amendment of 2008, the victims shall have a right to prefer an appeal against any order passed by the court acquitting the accused or convicting for a lesser offence or imposing inadequate compensation (Section 378).

b) Under Indian Penal Code, 1860: Section 53 provides for imposing fine and forfeiture of property on corporations.
And Supreme Court has in Standard Chartered Bank v. Directorate of Enforcement held that companies can be prosecuted even for those offences for which the prescribed punishment is both imprisonment and fine.

c) Under Factories Act, 1948: The Supreme Court has in J.K. Industries Ltd. v. Chief Inspector of Factories and Boilers (1996)6SCC665 held that the offences under the Act are strict statutory offences for which establishment of mens rea is not an essential ingredient. It added that where the company owns a factory, it is the company which is the occupier. It is the directors of the company who, in fact, control and determine the management of the company and are vicariously liable for commission of statutory offences.

(iii) Writ Petitions
In case of violation of fundamental rights, the aggrieved party may approach the Supreme Court or a High Court for redress and the Court shall have power to issue directions or orders or writs, including writs in the nature of habeas corpus, mandamus, prohibition, quo warranto, and certiorari, whichever may be appropriate, for the enforcement of any of the rights. The Supreme Court in Oleum Gas Leak Case (M.C. Mehta v. Union of India) held that the power of the Court to grant such remedial relief may include the power to award compensation in appropriate cases.

In various decisions, the Supreme Court has given diverse kinds of directions on a wide range of matters - from release and rehabilitation of bonded laborers to workplace sexual harassment of women and measures controlling pollution of the Ganges River.

(iv) Public Interest Litigation (PIL)
The Supreme Court in S.P. Gupta v. Union of India (1981) Supp SCC 87 observed, “It may therefore now be taken as well-established that where a legal wrong or a legal injury is caused to a person or to a determinate class of persons by reason of violation of any constitutional or legal right..., any such person or determinate class of persons is by reason of poverty, helplessness or disability or socially or economically disadvantaged position, unable to approach the court for any relief, any member of the public can maintain an application for an appropriate direction, order or writ...”

Through PILs, environmental lawyer M.C. Mehta and NGOs like Common Cause, Peoples’ Union for Democratic Rights have been instrumental in bringing many issues like relocation of polluting industries out of Delhi, the protection of Taj Mahal from polluting industries and the closure of polluting tanneries near the Ganges.

(v) Intervention by National Human Rights Commission
The NHRC set up under the Protection of Human Rights Act, 1993 has the power to inquire, suo moto, on a petition by a victim or an order of any court, into a complaint regarding a human rights violation and intervene in any proceeding involving any allegation of violation of human rights pending before a court.

The NHRC has intervened in some business and human rights matters in cases involving the employment of bonded labour by companies and sexual harassment at workplace. It also took cognizance of case related to large scale violence in protest against the acquisition of land to establish an SEZ in Nandigram (West Bengal). It may inquire into corporate human rights abuses on the request of a court.

(vi) Administrative Measures
Various statutes and regulations govern the functioning of companies. Remedial administrative measures can include cancellation of approvals and licenses. For example, the Environment Impact Assessment (introduced in 1994) imposes restrictions and prohibitions on the expansion and modernization of specified developmental or industrial projects unless environmental clearance has been accorded. In Utkarsh Mandal v. Union of India, the Delhi High Court quashed the environmental clearance after finding several procedural irregularities in the approval process. In Orissa, there were human rights violations and environmental pollution caused by mining and refinery operations of Vedanta. The Amnesty International report (February 2010) highlighted saying, “The companies involved in the mine and refinery projects have ignored community concerns, breached State and national regulatory frameworks and failed to adhere to accepted international standards and principles in relation to the human rights impact of business.”

Vedanta adopted dubious means to abuse the judicial process. However, the government ultimately withdrew the permission.

In the third part, the ICJ talks of legal and procedural obstacles as under:

(1) Lack of laws and lax enforcement: There have been occasions when the courts had to issue guidelines to fill in legislative gaps in matters ranging from sexual harassment at workplace to bonded labour, arrest and detention procedure. The report quotes an extract from the case study on the legal implications of Plachimada

“It is quite strange that when the people of Plachimada (a village in Kerala) were fighting against the groundwater pollution and depletion, when various NGOs were publishing reports regarding the pollution and connected problems, the Kerala
The question whether a corporate body should or should not be liable for criminal actions, resulting from the acts of some individual, must depend upon the nature of the offence, the relative position of the office or agent vis-à-vis the corporate body and other relevant facts and circumstances which should show that the corporate body, as such, meant or intended to commit such act.

Ground Water (Control and Regulations) Act, 2002 was 'sleeping' (from 2002 to 2005) in the files. This shows the irresponsibility of the government.”

Moreover, it was only in June 2010 that the Kerala Government decided to set up a special tribunal to assess the actual compensation due to every applicant and issue orders to the company for compliance.

(2) Absence of robust institutional mechanisms: The non-judicial or quasi-judicial mechanisms which can strengthen accountability, promote alternative dispute resolution, improve access to justice and remove judicial flaws are conspicuous by their absence. And the constitutional guarantees of prohibition against prohibition do not go far enough in redressing discrimination by non-State actors like companies.

(3) Corruption: The BBC News (November 19, 2010) stated that India has lost more than $ 460 billion since independence because of companies and the rich illegally funneling their wealth overseas. The all-pervasive corruption in institutions that make, implement and adjudicate the law, can make companies influence the course of justice through their economic power and potential connections.

(4) Delay in judicial process: Reasons may be any - population and litigation explosion, insufficient resources and infrastructure, cumbersome court procedures, delaying tactics by lawyers, but judicial delays operate as obstacles in seeking justice. According to court news, at the end of November 2010, there were 54,644 cases pending before Supreme Court of which 35,206 were pending for more than one year. And at the end of December 2008, a total number of 3,874,090, cases were pending before different High Courts and 26,409,011 before lower courts.

(5) Ignorance of one’s rights and indifference to rights of others: Low levels of literacy, extensive poverty, lack of adequate awareness of others’ rights, ignorance about available legal mechanisms and increasingly individualistic focus - all contribute to challenges to the realization of human rights.

(6) Expensive litigation, limited legal aid: The current court fees system (petitioners filing civil suits have to pay ad valorem court fees - a fee paid in proportion for the value of the claim made) discourages victims from suing or seeking adequate compensation from the company in mass tort cases. Though the Legal Services Authorities Act, 1987 provides (section 12) that every person (having a prima facie case to prosecute or to defend) who has to file or defend a case shall be entitled to legal services if he falls within the list of specified categories of people or has annual income less than Rs.12,000/- if the case is before the Supreme Court and less than Rs.9,000/- if the case is before other courts, it offers legal aid to very limited number of people.

(7) Undeveloped tort law and class actions to deal with mass torts: Mass torts and a multiplicity of victims pose both substantive and procedural problems that are not resolved by the traditional law of tort. Moreover, although the Indian law allows class action, this device has hardly been used in tort litigation.

(8) Difficulties in criminal prosecution of companies: Though the Companies Act, 1956 and other laws allow companies as well as its officers to be held criminally liable for specified wrongs, prosecuting and convicting companies and their officers is not easy. The Bhopal case demonstrates very clearly how difficult, time-consuming and resource-intensive the quest to impose criminal liability on a company can be. And it is all the more cumbersome when there is an attempt to prosecute a corporate officer living in a foreign country.

(9) Difficulties in piercing the corporate veil: It is not generally easy to convince the courts to pierce the corporate veil, especially when it becomes necessary to sue a parent company even though the actual violation might have resulted from the acts of its subsidiaries. It may be difficult for victims to ascertain which company of a corporate group actually took, or should or should not be liable for criminal actions, resulting from the acts of some individual, must depend upon the nature of the offence, the relative position of the office or agent vis-à-vis the corporate body and other relevant facts and circumstances which should show that the corporate body, as such, meant or intended to commit such act. It is not generally easy to convince the courts to pierce the corporate veil, especially when it becomes necessary to sue a parent company even though the actual violation might have resulted from the acts of its subsidiaries. It may be difficult for victims to ascertain which company of a corporate group actually took, or should or should not be liable for criminal actions, resulting from the acts of some individual, must depend upon the nature of the offence, the relative position of the office or agent vis-à-vis the corporate body and other relevant facts and circumstances which should show that the corporate body, as such, meant or intended to commit such act. It is not generally easy to convince the courts to pierce the corporate veil, especially when it becomes necessary to sue a parent company even though the actual violation might have resulted from the acts of its subsidiaries. It may be difficult for victims to ascertain which company of a corporate group actually took, or should or should not be liable for criminal actions, resulting from the acts of some individual, must depend upon the nature of the offence, the relative position of the office or agent vis-à-vis the corporate body and other relevant facts and circumstances which should show that the corporate body, as such, meant or intended to commit such act. It is not generally easy to convince the courts to pierce the corporate veil, especially when it becomes necessary to sue a parent company even though the actual violation might have resulted from the acts of its subsidiaries. It may be difficult for victims to ascertain which company of a corporate group actually took, or should or should not be liable for criminal actions, resulting from the acts of some individual, must depend upon the nature of the offence, the relative position of the office or agent vis-à-vis the corporate body and other relevant facts and circumstances which should show that the corporate body, as such, meant or intended to commit such act.

Very perturbing, in a recent development, a US court (June 28, 2012) has held that neither Union Carbide company (UCC) nor its Chairman Warren Anderson were liable for environmental remediation or pollution related claims at the firm’s former chemical plant in Bhopal. It held that it was the Union Carbide (India) Ltd., and not its parent company (UCC) that was responsible for the generation and disposal of the waste that polluted drinking water and that the liability rests with the State Govt. It added that there is no evidence indicating that UCIL
manufactured pesticides on UCC's behalf, entered into contracts or other business dealings on UCC's behalf or otherwise acted in UCC's name. (The Times of India - 29.6. 2012)

(10) Forum non-conveniens: It is a common law doctrine which permits courts to discuss cases on the basis that the balance of relevant interests weighs in favour of trial in a foreign forum. In the Bhopal case, the US Court was firmly convinced that the Indian legal system was in a far better position than the US courts to determine the cause of the tragic event and thereby fix liability. The dismissal of the suit from US courts was seen as a victory for UCC which was a major blow to victims' hopes of securing adequate compensation.

(11) Weak implementation of court judgments: Weak implementation of judicial orders arises mostly because of corruption, powerful actors whose interests are at stake, governmental indifference or institutional incapacity to implement orders. In the Bhopal case, victims' groups had to approach the Supreme Court to ensure that interim relief is implemented orders. In the Bhopal case, victims' groups had to approach the Supreme Court to ensure that interim relief is provided, that compensation reaches rightful victims swiftly and efficiently and that the settlement money lying with the government is distributed to all victims on a pro-rata basis. And in Bandhua Mukti Morcha v. Union of India the Supreme Court observed, "The State of Haryana, we must say, has not taken our intervention in the proper spirit and has failed to exercise appropriate control though some eight years back, this Court had in clear terms laid down the guidelines and had called upon the public authority to take charge of the situation and provide adequate safeguards."12

(12) Development-driven land acquisition: There has been considerable resistance for acquisition of land by the government for construction of dams on Narmada river, for Tata's car manufacturing unit in Singur (West Bengal) and for setting up Special Economic Zones to promote exports on the ground of human rights' violations of displaced persons.

(13) State-business nexus and the transformation of the State role: The protection of human rights may get adversely impacted if the State is too focused on creating and sustaining a pro-business and pro-investment environment. The government procuring agricultural land for companies (Nandigram), diluting labour and environmental laws in SEZs, not vigorously pursuing the extradition of corporate official guilty of a crime (Bhopal), letting a company extract unreasonable quantity of ground water (Plachimada), or granting a mining license to a company in total disregard of several laws and the interests of its own people (Vedanta) might impair the capacity of victims to hold companies accountable. Moreover, the emergence of the State as a contracting party in public-private partnerships (PPPs) has changed relationships between the State, the corporations and the project-affected people.

(14) Privatization of formerly public functions: The privatization of functions that used to be administered by public bodies has brought in its wake unique challenges as under:

(a) Privatization of security services under the Private Security Agencies Act, 2005 raises questions about the liability of private security personnel and companies in cases where the personnel use excessive or unnecessary force.

(b) Banks employing 'recovery agents' to collect payments from people defaulting in repaying a loan: In Citicorp Maruti Finance Ltd. v. Smt. Vijayalaxmi13, the Delhi State Consumer Redressal Commission commented that finance companies and banks cannot be allowed to take law in their hands. People cannot be permitted to settle their civil disputes through criminal force and in the streets. In Tapan Bose v. ICICI Bank Ltd.14, the Delhi State Consumer Redressal Commission observed that if any service provider wants to engage private agency for recovery of dues, it has to authorize it to only recover it through legal method and not by employing threats, harassment, force and causing injuries or indulging in other acts which verge on criminal offence.

(c) Health care: The Supreme Court recognized in Paschim Banga Khet Mazdoor Samiti v. State of West Bengal15 the right of health to be a fundamental right under Article 21 of the Constitution. In another case, All India Lawyers Union (Delhi Unit) v. Government of NCT of Delhi16 the Delhi Administration had entered into a joint venture agreement with corporation Apollo Hospitals to provide health care. The agreement stipulated that when completed, the multi-specialty hospital would provide free facilities of medical, diagnostic and other necessary facilities to 40% of the patients attending the OPD of the hospital. When the dispute arose to the scope of its obligation to provide free treatment, the Delhi High Court in All India Lawyers' Union (Delhi Unit) v. Government of NCT Delhi (September 2009) observed that by agreeing to be a partner with the State in the matter of health care, with stipulations of free health care to the specified extent, the company had taken onto itself the mantle of the State instrumentality.

(15) SLAPP Suits: The companies have, of late, resorted to so-called Strategic Lawsuit Against Public Participation (SLAPP)
suits against human rights campaigners and activists. However, the Madras High Court in Dow Chemical International v. Nithyanandam and International Campaign for Justice in Bhopal (July 2009) held that the people of India have a right to protest, even against a multi-national company, and that unless a situation is shown where the life and liberty of an aggrieved individual or an organization is threatened from its very existence or their right to carry on business is curtailed, neither the State authorities nor the court will rush to prevent such actions through preventive orders to impose prior restraints.

At the end, the ICJ report mentions conclusions and recommendations as under.

(i) Better implementation of laws and court decisions
   Due to administrative apathy and red tape or corruption, there is a wide gap between law on paper and law in practice. The executive in several instances does not put into force a law that has been enacted by the legislature which is fatal to the efficacy and efficiency of a legal system. Further, the government agencies should do all within their means to implement in both letter and spirit judicial orders and directions aimed at safeguarding human rights.

(ii) Locating stakeholders’ interests in company law:
   Since the law relating to regulation of companies has an important role to play in developing a corporate culture in which business decisions are informed by a concern for human rights, the new company law should impose a duty on directors to consider the interests of stakeholders and require companies to disclose their non-financial performance in annual reports.

(iii) Improving access to justice:
   The measures suggested are increase in number of courts and judges, promptly filling up vacancies, better use of Lok Adalats and the alternative dispute resolution (ADR) mechanism, tailored disincentives for vexatious and frivolous litigants, availability of legal aid to a larger section of people, encouragement to lawyers to do pro bono work, overhauling of court fees system so as not to be seen a source of revenue for the State.

(iv) Strengthening institutional mechanisms:
   Suggested measures include more powers to National Human Rights Commission to investigate alleged human rights abuses by companies, adequate resources to National Green Tribunal to deal with all kinds of pollution complaints by companies and establishment of a National Commission to take cognizance of discrimination and unequal treatment in the private sector.

(v) Dealing with the menace of corruption:
   In view of the inadequacy of the existing mechanisms (Prevention of Corruption Act, Prevention of Money Laundering Act and the Right to Information Act), the report has proposed establishment of an independent anti-corruption commission backed with investigative powers, prosecutorial heft and fast-track tracks to tackle with the menace of corruption.

(vi) Transparent, participatory and humane developmental process:
   In order to pave way for a transparent, participatory and humane developmental process, there is the need for participation of all relevant stakeholders in the decision-making process, and adequate consideration to the interests of those adversely affected/likely to be affected by development projects including their rehabilitation.

The International Commission of Jurists has undoubtedly done a stupendous job in bringing to the fore the malady of human rights abuses by the companies in India and made above-mentioned well meaning recommendations. In addition, the following additional suggestions may be considered to stem the rot:

(i) the strong political will to take stringent swift actions against erring companies so that a clear message goes to the corporate world that the Govt. means business and good governance and has zero tolerance towards perpetrators of human rights abuses however mighty the corporate house may be.
(ii) creation of a special cell in the Ministry of Corporate Affairs to take suo motu notice of apprehension or incident of human rights violation by a company, conduct field visits and come up with preventive or curative actions.
(iii) drafting a well-documented model code of conduct to be followed by the companies.
(iv) Setting up of special benches of the High Courts and the Supreme Court to deal with violations on priority.
(v) recognition and fullest protection to those who dare to take cudgels against those indulging in the nefarious activities of human rights abuses like harassments and injustice to women at work places.

Though the Companies Bill, 2011 has inserted certain provisions, concern is being raised on the conspicuous absence of detailed provisions to deal with the hydra-headed monster of black-money and corporate funding for electoral campaigns. It is alleged that the root of rampant corporate crimes committed with impunity, environmental destructions, poisoning of food chain and human rights violations by security forces has been traced to corporate funding of political parties. And in the context of industrial disasters (Bhopal Gas Tragedy), frauds by companies (Satyam Computers), the new law regulating the companies must contain comprehensive provisions to deal with all the facets of human rights violations so that every man, woman and child lives a full and peaceful life.
Natco Pharma Ltd v. Bayer Corporation

Compulsory Licence for a Pharmaceutical Product

The decision rendered by the Controller of Patents in Natco Pharma Ltd v. Bayer Corporation in granting a compulsory licence to Natco Pharma is a historic decision and is a first of its kind. This article throws more light on the decision and implications arising there from.

In the context of making, life-saving and life-extending drugs, in a developing country like India, available at affordable prices, the decision by the Controller of Patents, India, in Natco Pharma Ltd v. Bayer Corporation in granting a compulsory licence to Natco Pharma Ltd ["Natco"] is a historic decision. The order of the Controller of Patents ["the Controller"] in this case1 states that it is the first of its kind in the history of the Patents Act, 1970, where Natco was seeking the grant of a compulsory licence under section 84 of the Patents Act, 1970. The patentee was Bayer Corporation ["Bayer"].

The background facts
Bayer Corporation was a manufacturer of drugs, registered in the United States, and had obtained, for its invention, a patent in the USA, and after filing an International Application under the Patent Cooperation Treaty obtained a patent in India in 2008, under the Patents Act, 1970, as amended in 2005 [hereafter referred to as "the Act"]. Bayer's invention, in the 1990s, was a drug called Sorafenib used in the treatment of advanced stage of liver and kidney cancer. Bayer developed the drug and launched it in 2005 under the trade name Nexavar for the treatment of kidney cancer and later obtained the approval in 2007 for the treatment of liver cancer also. After obtaining the necessary Government approvals for importing and marketing Nexavar launched it in India in 2008. The cost of the therapy using Bayer's product was Rs 2,80,428 per month and the drug was to be taken by the patient throughout his or her lifetime. Natco sought a licence from Bayer to manufacture and sell Nexavar in India at a far lower price viz. Rs 8,800/- for a month's therapy, as against Rs 2,80,428 charged by Bayer at the time of Natco's request. Bayer refused to grant to Natco a voluntary licence to manufacture Nexavar. Natco filed the application under section 84 of the Act, before the Controller of Patents, seeking the grant of a compulsory patent of Bayer's product Nexavar.

The Controller noted that the three main issues that had to be

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1 It is acknowledged that the source of the copy of the order of the Controller of Patents in this case, Natco v. Bayer was www.iprlawindia.org
determined in deciding upon the application for the grant of a compulsory patent, under section 84, were: whether the reasonable requirements of the public with respect to the patented invention were not satisfied, whether the patented invention was not available to the public at a reasonably affordable price and whether the patented invention was not worked in the territory of India. After hearing the submissions of the parties and the relevant records and considering the appropriate provisions of the Act and the obligations under TRIPS, he granted the compulsory licence on specific terms and conditions.

The legal provisions and the obligations under TRIPS

Before proceeding further, it would be advantageous to understand the legal position regarding the grant of a compulsory licence for patent under the Act and the relevant Articles of TRIPS to be able to evaluate the respective arguments of the patentee [Bayer] and the applicant [Natco], and for understanding the decision of the Controller of Patents and the grounds for that decision.

The Act

Section 84 of the 1970 Act is the basic provision relating to the grant of compulsory licences by the Controller of Patents. It sets out the scope of a compulsory licence and states the grounds on which an application may be made. The following are the grounds set out in section 84[1]: [a] the reasonable requirements of the public with respect to the patented invention have not been satisfied; [b] the patented invention is not available to the public at a reasonably affordable price; [c] the patented invention is not worked in the territory of India. If the Controller is satisfied that the grounds urged by the applicant are justified he may grant a compulsory licence upon such terms as he may deem fit.

Factors to be considered by the Controller - section 84[6]

In granting a compulsory licence, the Controller should consider: the nature of the invention, the time which elapsed since the sealing of the patent and the measures already taken by the patentee or any licensee to make full use of the invention, the ability of the applicant to work the invention to the public advantage, his capacity to undertake the risk in providing the capital and working the invention, if the application were granted, whether the applicant had made efforts to obtain a licence from the patentee on reasonable terms and conditions and such efforts were not successful within a reasonable period (not exceeding six months). But these need not be considered by the Controller in case of national emergency or other circumstances of extreme urgency or in case of public non-commercial use or on establishment of a ground of anti-competitive practices adopted by the patentee, none of them happening after the application.

When reasonable requirements of the public are to be deemed as not satisfied - section 84[7]

The following are the circumstances in which the reasonable requirements of the public shall be deemed not to have been satisfied, justifying the grant of a compulsory licence: [a] by reason of the refusal of the patentee to grant a licence or licences on reasonable terms; prejudice to an existing trade or industry in India or a new or developing trade or industry in India or to the development or establishment of commercial activities in India is caused; demand for the patented article is not being met adequately or on reasonable terms; export markets for the article manufactured in India are not being supplied; the terms and conditions of the patentee adversely affect manufacture, sale or use of articles not patented; unreasonable conditions imposed by the patentee on his licensee; not working the patent in India on a commercial scale to an adequate or reasonably practicable extent; imports by the patentee or persons claiming under him preventing or hindering the working of the patented invention in India on a commercial scale or when the patentee does not take steps against infringement when third parties make such imports.

Revocation of a compulsory licence for non-working

A compulsory licence may be revoked by the Controller where it is shown, after the expiry of two years from the date of granting of the first compulsory licence, that the patented invention has not
been worked in the territory of India or that reasonable requirements of the public with respect to the patented invention has not been satisfied or that the patented invention is not available to the public at a reasonably affordable price. The order of revocation of the patent for non-working of a compulsory licence shall ordinarily be decided by the Controller within one year of the presentation of the application for revocation.9

Compulsory licences - powers of the Controller, purposes of issue, terms and conditions that may be imposed etc.

The powers of the Controller in granting compulsory licences are stated in section 88. The grant of a compulsory licence is to secure the following purposes: [a] that the patented inventions are worked on a commercial scale in the territory of India without undue delay and to the fullest extent that is reasonably practicable; that the interests of any person for the time being working or developing an invention in the territory of India under the protection of a patent are not unduly prejudiced.7 The terms and conditions subject to which a compulsory licence may be granted are stated in section 90. The Controller may terminate a compulsory licence granted under section 84 if and when the circumstances that gave rise to the grant of that licence no longer exist and such circumstances are unlikely to recur.8

Compulsory licences - powers of the Central Government

In circumstances of national emergency or extreme urgency or in case of public non-commercial use, if the Central Government is satisfied that compulsory licences should be granted at any time after the sealing thereof, to work the invention, it may make a declaration to that effect, by notification in the Official Gazette. Then, the Controller shall grant to the applicant, making the application after the notification, a licence under the patent on such terms and conditions as he thinks fit. In fixing the terms of this licence, the Controller should ensure that the terms and conditions are such that the articles manufactured under the patent shall be available to the public at the lowest prices consistent with the patentees deriving a reasonable advantage from their patent rights.8

Compulsory licence for export of patented pharmaceutical products

The Controller is empowered to grant, in certain exceptional circumstances, compulsory licences for the manufacture and export of patented pharmaceutical products. The export would be to countries having insufficient or no manufacturing capacity to manufacture the concerned pharmaceutical product to address public health problems. A country falling under this description should either have granted compulsory licences or allowed import of patented pharmaceutical products from India. On the application of any person, the Controller may grant a compulsory licence solely for manufacture and export of the concerned pharmaceutical product to such country and determine the terms and conditions. "Pharmaceutical products" are defined as follows: Explanation.-For the purposes of this section, "pharmaceutical products" means any patented product, or product manufactured through a patented process, of the pharmaceutical sector needed to address public health problems and shall be inclusive of ingredients necessary for their manufacture and diagnostic kits required for their use.10

TRIPS - Article 31

Articles 27 to 34 of the TRIPS Agreement declare the obligations of Member Countries of the WTO regarding patents. Article 31 provides for other use without authorization of the right holder which enables the grant of compulsory licences, but subject to the conditions stated therein. The main conditions are: such use may only be permitted if, prior to such use, the proposed user has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time; the scope and duration of such use shall be limited to the purpose for which it was authorized, and in the case of semi-conductor technology shall only be for public non-commercial use or to remedy a practice determined after judicial or administrative process to be anti-competitive; such use shall be non-exclusive; any such use shall be authorized predominantly for the supply of the domestic market of the Member authorizing such use; the right holder shall be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the authorization; the legal validity of any decision relating to the authorization of such use shall be subject to judicial review or other independent review by a distinct higher authority in that Member.

It may be noted that all these conditions are incorporated in section 90 of the Act.

To go back to the order of the Controller in Natco v. Bayer. It should be remembered that the application by Natco in this case was under section 84.

The respective contentions of the parties

Bayer

Preliminary objections by Bayer

Bayer raised some preliminary objections before the Controller

9 section 85
10 section 89
4 section 94
8 section 92
Arguments by Natco

The arguments were: that the records showed that as against the estimated demand, the quantities of the patented product imported by Bayer into India were small, Bayer had not taken adequate steps to manufacture the product in India and to make full use of the invention; the drug was exorbitantly priced and was out of reach of most people. The product was available only in limited quantities and that too only in pharmacies in the metro cities. It was found that even 1% of the public did not derive the benefit of the patented drug. Bayer only imported the product into India and did not manufacture it by itself in India. But Bayer manufactured and sold in India its other products. Bayer's worldwide sale of the patented drug was USD 2454 million, whereas in India, sales of the drug did not exceed USD 32 to 40 million.

One of Bayer's argument was that Cipla's selling the drug at Rs 30,000 as against its own price of Rs 2,80,000 had cut into its market share preventing it from selling in sufficient numbers. This was countered by Natco stating that the presence of Cipla in the market for the product was irrelevant and that it was the patentee's obligation to supply the product to the market. In any case, Bayer's records filed before the Controller did not refer to Cipla's sales and this led to the conclusion that sales by Cipla were not significant and sales by an infringer were not to be taken into account and that Bayer could obtain an injunction against Cipla restraining the sale of its own product. Perhaps the most important argument of Natco was on the obligation of the patentee under law regarding supply of the drug, which was to make it available in a manner such that substantial portion of the public was able to reap the benefits of the invention. It was that the high cost of Rs 2,80,000/ had made the question of availability meaningless. As the demand for the patented product was not met on reasonable terms, it was a clear case showing that the reasonable requirements of the public of the patented invention were not satisfied and that this would justify the grant of a compulsory licence.

Arguments by Bayer

Bayer represented that its field force and distributors catered to all the cancer treatment centres in India, its distributors also supplied to hospitals, pharmacies, retailers and patients, to outstation cities where the drug was required. It also rebutted the charge that the drug was not supplied in villages as meaningless, as the drug was to be made available in cancer hospitals and institutes where specialists in cancer treatment would administer the drug and therefore the drug was available as required.
Natco was wrong to have linked the issue of the price of the drug to the test of reasonable requirements of the public not being satisfied, the position of which was clearly laid down in section 84[7]. The price of the drug or availability to the public at a reasonably affordable price would fall under section 84[1][b].

Bayer argued that the purpose of section 84[1][a], stating as a ground for grant of a compulsory licence, that the reasonable requirements of the public with respect to the patented invention were not satisfied was, to enhance access to patented inventions and access to a patented invention and affordability thereof were not the same thing.

**Decision of the Controller**

The Controller rejected the defence of Bayer that, taking into account Cipla's supply of the drug along with its own supply would satisfy the reasonable requirements of the public as, the conduct of an alleged infringer 'cannot by any stretch of imagination be considered in this case'. If anything, according to section 84[6][i] the measures already taken by the patentee or any "licensee" to make full use of the invention could be considered. Cipla was not a licensee, but an alleged infringer. The Controller held, on the basis of records, that the drug was not made available by Bayer as per the requirements of the public in India during the four years since the grant of the patent and this was not justifiable. It was not as though the drug had to be developed. Bayer was already marketing the drug in other parts of the world in a large scale. In as much as Bayer, even after the lapse of three years, had imported and made available only an insignificant proportion of the reasonable requirement of the product in India, the Controller held that section 84[7][a][ii] clearly applied and ruled that a compulsory licence was to be issued to Natco under section 84.

**[ii] Reasonably affordable price - s 84[1][b]**

**Arguments by NATCO**

The weighty argument by NATCO was that the price of the patented product was too high and unaffordable by the common man to whom the product was inaccessible and that on this ground it was to be held that the demand for the patented product was not met on reasonable terms.

Natco had filed before the Controller an affidavit by Mr James Packard Love, Knowledge Ecology International, a non-profit organization, USA. Mr Love was an invited expert in intellectual property issues at almost all the international organizations which included WTO, WIPO and such other organizations. Mr Love had reported that Bayer which received an FDA designation, covering clinical trials relating to the orphan drug indication “treatment of renal cell carcinoma”, under the US Orphan Drug Act in 2004 which made it eligible to 50% orphan drug tax credit, lowering the net costs of investments to Bayer, there was no publicly available information on the amount of tax credit received by Bayer. Mr Love added though the expenditure on research and development in the case of such drugs was high, they generated high sales and profits. Natco charged that Bayer while referring to its expenses on research and development relating to this drug, had not opened its doors for one "to look at the revenues and profits from the drug".

**Bayer's arguments**

Bayer claimed that the price of the patented product was high as it covered also the research and development cost of innovators, like Bayer, as against manufacturers such as Natco who merely copied the drug discovered by the patentee, taking advantage of the research and development expenses incurred by the patentee. It was contended by Bayer that the research and development cost not only included the expenditure of mony on failed projects, but also the additional expenses on research and development for the next generation of innovations. On this premise, it was submitted that past expenditure would not help in determining if the current price of the product was reasonable. It was submitted that the cost of research and development and the cost of manufacture have to be taken into account while determining what was the reasonably affordable price. It was further argued that the price should be differential depending upon the financial resources of the buyer and that there cannot be one price for all. One of Bayer's arguments was that the provisions regarding compulsory licence nowhere mentioned that demand is required to be met only by the patentee. This ignored the position that the core of the complaint against was that Bayer as a patentee was not fulfilling its obligations under the Act and the purposes of granting patents, as declared in section 83.
Articles 27 to 34 of the TRIPS Agreement declare the obligations of Member Countries of the WTO regarding patents. Article 31 provides for other use without authorization of the right holder which enables the grant of compulsory licences, but subject to the conditions stated therein.

**The Controller's decision**

The Controller ruled that the only reason that the drug was not available to the public was "its price was not reasonably affordable to them". He concluded beyond doubt that the patented invention was not available to the public at a reasonably affordable price and on that ground a compulsory licence was to be issued to Natco under section 84 of the Act.

**[iii] Patent not worked in India**

**Submissions of Natco**

Bayer was only importing the drug and it was not worked in the territory of India to the fullest extent that was reasonably practicable. Natco argued that "working" the patent was to be interpreted in accordance with section 83[a] and [b] of the Act and with reference to the debates in the Lok Sabha. It stated that Bayer was working the patent in other countries since 2006 and the patent was not exploited in India and no reason was offered for that position. More than that Bayer claimed to have manufacturing facilities in India for several products, including oncology products.

Natco further submitted that Bayer's argument that even minimum working would satisfy the requirements of section 84[1][c] as flawed since the question would have to be determined as defined in section 83[a], which was to the effect that patents are granted "to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay". Accepting Bayer's argument would render section 84[1][c] of no effect.

**Bayer's submissions**

According to Bayer, supplying to the market would be working a patent and requiring local manufacturing of the patented product would be beyond the scope of the Act and the intent of the Legislature. Also establishment of manufacturing facilities required huge investment 'in terms of infrastructure and logistics.' Bayer also claimed that the global demand for the product was small and can only be produced in small volumes. Bayer claimed that manufacture of the patented drug was done in its facilities in Germany to obtain economies of scale and to keep manufacturing costs at a reasonable level. According to Bayer the quantities required in India did not economically justify setting up a manufacturing facility in India.

**Controller's decision**

As a preface, the Controller observed that in ascertaining the meaning of the phrase 'worked in the territory of India' which was not defined by the Act, one will have to look into international conventions and agreements on intellectual property, the Act, the context in which this concept appeared and the legislative history. In his view, a conjoint reading of the relevant Articles of the Paris Convention and TRIPS showed that a compulsory licence could be granted when there was an abuse of patent rights and that this concept of issuing a compulsory licence upon the failure of the patentee to work the invention in India was incorporated by the provisions of Chapter XVI of the Patents Act. He ruled that Bayer's argument that working the patent meant only working on a commercial scale, as the language of section 84[1][c] did not justify such a contention. It simply states 'the patented invention is not worked in the territory of India'. Bayer was depending on the reference to 'working on a commercial scale' occurring in section 84[7][e], in a different context.

The Controller stated that section 83 was the crucial section that sets out the general principles applicable to working of patented inventions. He ruled that section 83[c] and [f] clearly required patentee to contribute towards transfer and transmission of technology, nationally and internationally so as to balance the rights with the obligations and that this could be done by the patentee manufacturing the product himself in India or granting a licence to anyone to manufacture it in India. The Controller stated: "‘worked in the territory of India' implies manufactured in India to a reasonable extent so that the principles enumerated in section 83 can be brought into effect. In the absence of manufacturing in India, section 83 will be a dead letter".

The Controller also referred to section 90[2], according to which a licencee holding a compulsory licence cannot import the patented article or an article or substance made by patented process from abroad, unless permitted by the Controller, under section 90[3] in public interest. This meant that import of a patented product would not be working an invention in India. A compulsory licence holder has to necessarily work the patent by manufacturing the patented invention in India. He concluded that "worked in the territory of India' means 'manufactured to a reasonable extent in India'. On the facts he held that section 84[1][c] was attracted and he granted a compulsory licence to Natco under section 84 of the Act.
Application by Bayer under section 86

Bayer also made made an application under section 86 of the Act which provides for the adjournment of proceedings for the grant of a compulsory licence and grant time for the patentee to work the invention in India. The Controller held that Bayer’s application did not satisfy the requirements of section 86. They were that: [i] the time which has elapsed since the sealing of the patent has for any reason been insufficient to enable the invention to be worked on a commercial scale to an adequate extent or to enable the invention to be so worked to the fullest extent that was reasonably practicable; and [ii] the patentee had taken with promptitude adequate or reasonable steps to start the working of the invention in the territory of India on a commercial scale to an adequate extent.

The terms and conditions of the compulsory licence

While granting a compulsory licence to Natco of Bayer’s patented drug, the Controller imposed the following terms and conditions:

[i] the price of the drug was not to exceed rupees 8880 per a pack of 120 tablets required for a month’s use; Royalty was fixed at 6% of the net sales by Natco; licensee to maintain proper accounts of sales etc. and report them periodically to the Controller and to Bayer; licensee was permitted only to manufacture the drug at its own manufacturing facility and not to outsource the production; the licence was non-exclusive, non-assignable; the licence was granted solely for the purpose of making, using, offering to sell and selling the drug covered by the patent for the purpose of HCC and RCC in humans within the territory of India; the licensee was obliged to offer to at least 600 needy and deserving patients per year and submit the information of such patients and treating oncologists to the Controller periodically; the licensee shall not have the right to import the drug covered by the patent; the licence was for the balance term of the patent; the licensee was bound not to make representations, private or public that the product was the same as that of the licensor or that the licensor was in any way associated with the licensee’s product; in colour and shape, the licensee’s product should be distinct from that of the licensor; the licensor will not provide any legal, manufacturing, marketing of such support to the licensee; the licensee was solely and exclusively responsible for product liability relating to its product, made under the licence and the licensor shall bear no responsibility in this regard; licensor was free to exercise its residual right in the patent, subject to the non-exclusive licence to the licensee, to grant further licences to others to compete with the licensee and the licensor was also free to compete with the licensee.

Points to ponder

Arising out of the facts of this case, some pertinent observations may be made. As this case shows multinational pharmaceutical companies use their patents to maintain the high level of their profits, disregarding the lack of availability of the drugs invented by them in developing countries, the diseases they are intended to ameliorate, the levels of incomes of the country in which they are sought to be sold and also despite the tax credits obtained by them. The fact that they do not wish to work the patent in India shows that they prefer to keep the technological information to themselves and not share it with others, particularly developing countries. It may be time for developing countries to begin their own research in a scale they can afford and go in stages.
CHARTERED SECRETARY ( LW-126 )

[Decided on 08/11/2012]

Securities and Exchange Board of India Act, 1992 read with Securities Contracts (Regulation) Act, 1956 - Off-market transactions in dematted scrips - claimed to be loan transactions - failure to furnish details of the transactions - whether violating the provisions of SCRA - Held, yes.

Brief facts
The Board conducted investigation in the trading in the scrip of M/s. Indo Pacific Software and Entertainment Ltd. The investigations revealed that ten entities transferred/ received shares in off-market transactions in respect of 70,78,108 shares. Investigation was conducted into the nature of the off market transactions and the appellant was directed to explain the circumstances leading to the off market transfers. The appellant contended before the investigating authority and the adjudicating officer that the off market transfers were in the nature of repayment of old loans, advancement of new loans or transactions between his own demat accounts. The investigating authority called for specific details regarding the alleged off market transfers.

When complete and convincing reply was not received from the appellant, summons was issued enclosing specific details to be furnished and for personal appearance of the appellant. After a series of such correspondence the investigating officer concluded that the queries raised during the investigation were not answered fully by the appellant and there was default in responding to the summons issued by the authorities.

He concluded that there was violation of the provisions of section 11C of the Act in as much as the appellant had failed to appear as directed and failed to provide the required information as per summons issued. It was also noticed by him that the appellant failed to furnish evidence for the off market transfers as contended by him and so the exact purpose and modus operandi of the off market transfers could not be established. It was noted that the appellant failed to furnish evidence as promised in the replies to the summons to establish the claim that off market transfers were in the nature of loan repayment/fresh loan. There was no evidence for payment of consideration as well. In view of the failure to furnish the above mentioned evidence in support of the off market deals, the adjudicating officer concluded that there was violation of the provisions of sections 13 and 18 read with section 2(i) of the SCRA.

The appellants were held to be guilty of violating section 11C of the Act and hence penalty under section 15A(a) was imposed as mentioned above. Similarly, the appellants were found to be guilty of violating sections 13 and 18 read with section 2(i) of the SCRA and penalty was imposed under section 23H of the SCRA as mentioned above. The appellants challenged the imposition of the above penalties in these appeals.

Decision: Appeal dismissed.

Reason
As observed by the adjudicating officer, off market transfers in the present case are covered under section 2(i)(b) of the SCRA. There has been off market deals between the appellant and other entities of the group by way of transfer of beneficial ownership through the depository. The case of the appellant is that the restriction of time and payment imposed on spot delivery cannot be imputed to a situation covered under section 2(i)(b) in as much as the provisions of section 2(i)(a) and 2(i)(b) are not connected by a conjunction and so they stand alone as unconnected provisions. The charge levelled against the appellant by the adjudicating officer is that the impugned off market transfer, not having been substantiated as a loan transaction by the appellant, should be considered to be a normal sale/purchase and the
restrictions contained in section 2(i)(a) should be harmoniously applied to the present situation as well.

The issue under consideration has got two limbs - (1) the real nature of the transaction and (2) the harmonious construction of sections 2(i)(a) and 2(i)(b) of the SCRA. With regard to the first limb, the case of the appellant is that the impugned transfer is in the nature of loan/loan repayment. Admittedly, it is for the appellant to advance evidence in support of his claim. The adjudicating officer provided the appellant with sufficient opportunities to furnish documentary proof in support of the claim. The appellant sought extension of time to locate and furnish the relevant documents. There was no refusal of this prayer from the investigating officer. The appellant did not furnish the required documentary evidence in spite of getting a long interval between the summons issued by the investigating officer and the show cause notice issued by the adjudicating officer. So the theory of loan transaction could not be accepted by the adjudicating officer. He, then, proceeded to deal with the transaction as one in the nature of sale/purchase which is reasonable and logical. Thus, the facts on record show that the adjudicating officer has characterised the transactions based upon the fact situation and the failure on the part of the appellant to prove his claim. Once the transaction is regarded as sale/purchase, it has to be examined whether the provisions of sections 2, 13 and 18 of the SCRA are complied with.

The second limb of the argument, as aforementioned, deals with the harmonious construction of the provisions of section 2(i)(a) and 2(i)(b) of the SCRA. We find that this issue has been decided by this Tribunal in the case of Mrs. Bhanuben Jaisukhlal Shah. The adjudicating officer has considered this issue in detail in the light of the decision of this Tribunal cited above. The observations of this Tribunal, though relied on by the adjudicating officer, require reiteration to reinforce the stand taken by the adjudicating officer. The relevant portions are extracted below for the sake of convenience.

"According to clause (b), when securities are transferred from one beneficial account to another, it would be treated as "actual delivery" of securities within the meaning of clause (a). It is, thus, clear that clause (b) is not an independent clause but only an explanation to the words "actual delivery" as used in clause (a). We cannot, therefore, accept the argument of the appellant that clause (b) is an independent clause and that the spot delivery contract is complete with the mere transfer of securities from the account of one beneficial owner to that of another without reference to the payment of consideration. This could never be. If that were so, the contract itself would become void being without consideration. Clause (b) cannot be picked up and interpreted in a manner which defeats the very purpose for which it was enacted. While interpreting the provisions of Section 2(i) of the Act, we have to keep in mind the consequences which are likely to flow from the intended interpretation. We cannot but hold that clause (b) in Section 2(i) was not meant to stand on its own and it has to be read in conjunction with clause (a)."

The fact situation in the present case and the legal position as enunciated in the decision of the Tribunal mentioned above make it clear that the transactions entered into by the appellant are not in compliance with the requirements laid down for spot delivery contracts under section 2(i) of the SCRA and from this it follows that they are in violation of the provisions of sections 13 and 18 of the SCRA.

**LW 108.12.2012**

**GRISHMA SECURITIES PRIVATE LIMITED & ORS v. SEBI [SAT]**

Appeal No. 209 of 2012

P. K. Malhotra, Presiding Officer & S. S. N. Moorthy, Member

[Decided on 19/11/2012]

*Securities and Exchange Board of India Act, 1992 - Section 11 and 11B - IPO - broker allowed certain individuals to trade in the scrip on the listing day - exit route provided for QIBs - whether acts liable for penalty - Held, Yes.*

**Brief facts**

The Board carried out investigations into the Initial Public Offering (IPO) of Tijaria Polypipes Ltd. (the company) and *prima-facie* found that certain individuals traded in the shares of the company on first day of listing i.e. October 14, 2011 and provided an exit to both qualified institutional buyers and retail investors who were allotted shares in the IPO. According to initial investigations carried out by the Board, these buyers in the IPO were creating artificial volumes in the scrip of the company to attract genuine investors. It is also alleged that the individuals who provided an exit to the qualified institutional buyers and retail allotees include Jivraj Bachubhai Zala (Zala), Lopa Saumil Bhavnagari (Lopa) and Chetan Dave (Dave) and the appellant company acted as brokers through whom Zala and Dave entered trades in the shares of the company and had links with Lopa who allegedly traded in the shares of the company. The appellants allowed Zala to trade in the shares of the company on October 14, 2011 without meeting margin requirements, funded Zala’s margin obligations from funds and securities belonging to other clients, falsified its client ledger etc. Pending investigations, the Board passed the impugned order against various entities including the appellants.

This appeal is filed by the appellants against the *ad-interim ex-
In the light of above facts and circumstances, I am also note that investigation in the matter has been completed and plausible reasoning/explanation for their actions, at this stage. I in structured trades/trade reversals with Ms. Lopa. The had mentioned that Grishma’s client, Mr. Jivraj Zala had indulged payments of Mr. Jivraj Zala towards his trades. The interim order utilized the funds/securities of other clients for making the margin received much later after the trading day. Grishma had allegedly that he had sufficient funds to trade, whereas funds were actually transferences. His client ledger was allegedly manipulated to indicate that he had sufficient funds to trade, whereas funds were actually received much later after the trading day. Grishma had allegedly utilized the funds/securities of other clients for making the margin payments of Mr. Jivraj Zala towards his trades. The interim order had mentioned that Grishma’s client, Mr. Jivraj Zala had indulged in structured trades/trade reversals with Ms. Lopa. The submissions of Grishma, its directors and CEO do not give any plausible reasoning/explanation for their actions, at this stage. I also note that investigation in the matter has been completed and appropriate action as deemed appropriate, in accordance with law, would be initiated against Grishma, its directors and the CEO. In the light of above facts and circumstances, I am therefore of the considered view that no intervention is called for, at this stage, in either vacating the interim directions or modifying it, with respect to Grishma, its directors and CEO.”

We are of the view that the whole time member has passed the order dated November 5, 2012 after considering the submissions made by the appellants and has recorded sufficient reasons for continuation of the impugned order. Simply because interim order has been revoked against other brokers, it cannot be a ground for revoking the interim order against the appellants. It depends on the role played by them in manipulation of the scrip of the company. It is not in dispute that Section 11/11B of the Act empowers the Board to restrain any person from accessing the securities market and prohibit any person associated with the securities market to buy, sell or deal in securities either pending investigation or enquiry or on completion of such investigation or enquiry in the interest of investors or securities market. The appellant company has acted as broker to Zala and Dave in the trading of the scrip of the company done on October 14, 2011 which has allegedly manipulated the market and induced gullible investors to invest in the shares of the company. This conduct is under investigation. After considering the response received from the appellants the whole time member of the Board has come to the prima-facie conclusion that appellants have failed to act in accordance with the provision of the regulations in its dealings with its clients. The investigation is over and the Board is likely to issue a show cause notice within next two weeks. The whole time member has brought on record sufficient justification for continuation of interim order against the appellants. We are convinced that no case for intervention by the Tribunal at this stage is made out.


RICH CAPITAL & FINANCIAL SERVICES LIMITED & ORS v. SEBI [SAT]

Appeal No. 137 of 2012

P. K. Malhotra, Presiding Officer & S. S. N. Moorthy, Member

[Decided on 14/11/2012]


Brief facts

The Board conducted investigations into trading in the scrip of the company during the period March 27, 2009 to August 12, 2009. It was noted that the company made corporate announcements
relating to financial results and rights issue of equity shares of the
corporation vide notice dated April 14, 2009, July 15, 2009, July 24,
August 1, 2009 and August 28, 2009. The meeting of the
board of directors to consider rights issue of equity shares,
scheduled to be held on August 1, 2009 was postponed to August
10, 2009. Again, the meeting of board of directors to be held on
August 10, 2009 interalia to consider the rights issue of equity
shares of the company was adjourned. In accordance with the
provisions of clause 19 of the listing agreement, the company
gave prior intimation to BSE about the board meeting, but it
did not give any intimation to the stock exchange immediately
after the meeting, as required by clause 20 and 22 of the listing
agreement. This intimation was furnished only on October 9,
2009, that too, after repeated telephonic reminders of BSE. It was
found by the Board that the rights issue of equity shares of the
company was never considered thereafter and it was, therefore,
agreed by the appellants that the company and its board of directors never had an
intention to consider rights issue. By putting this item in the
agenda and not considering it at all, the appellants have played
fraud with the investors and had thus violated the provisions of
Section 12A(c) of the Act read with regulation 3(a), 4(1), 4(2)(f) and 4(2)(r) of the Regulations.

The adjudicating officer of the Board provided them opportunity of
hearing after which she held the appellants guilty of violating the
aforesaid provisions and imposed a penalty of Rs. 1,50,000/- on
the company and Rs. 2,50,000/- each on all the directors namely,
Rajeev Agarwal, Sanjay Gupta, Shashwat Agarwal, Dhrupesh
Shah and K. K. Agarwal. All these persons, except K. K. Agarwal,
are in appeal before us.

Decision: Appeal dismissed.

Reason
We have considered the rival submissions and examined the
material on record and are of the view that no interference is
called for in the impugned order. Admittedly, the company had
placed on its agenda the item of rights issue of equity shares of
the company for consideration by the board of directors in its
meeting which was to be held on August 1, 2009 and deferred to
August 10, 2009. No material, whatsoever, has been placed on
record to show that before placing this item on the agenda of the
board meeting any ground work was done. There is nothing on
record to show that there were any deliberations in the board
meeting on this issue or why this agenda item was dropped. The
very fact that the company had given prior intimation to BSE
about the board meeting containing the above agenda item, as
per requirement of clause 19 of the listing agreement but no such
intimation was furnished to BSE under clause 20/22 of the listing
agreement leads to a doubt about the bona fides of the appellants
on consideration of this issue. By putting the item of rights issue
on the agenda note and informing stock exchange about it, surely
creates interest in the investors in the shares of the company and
thereafter by not taking up the issue at all and not furnishing any
reasons therefor and not informing stock exchange about the
outcome of the board meeting, in our view, will fall within the
definition of fraud under the regulations. Only a belated intimation
was furnished, that too, after repeated reminders from BSE.

This view gets strengthened after perusing the order dated July
31, 2012 passed by the adjudicating officer of the Board against
M/s. Big Brokers House Stocks Ltd. where, after investigation in
the same scrip for the same investigation period, the Board has
held M/s. Big Brokers House Stocks Ltd. guilty of violating the
regulations for entering into reversal/circular trades. A copy of this
order has been produced before us by learned counsel for the
appellants. Perusal of the same shows that the appellants before
us are connected to the parties involved in the order passed
against M/s. Big Brokers House Stocks Ltd. We have looked at
the findings in this case only for the purpose of deciding the
present appeal and this should not be taken as an expression of
our view on the order passed by the adjudicating officer in the
case of M/s. Big Brokers House Stocks Ltd. We are, therefore,
not inclined to interfere with the order passed by the adjudicating
officer.

LW 110.12.2012

MRITUNJAY KUMAR v. SEBI [SAT]

Appeal No. 177 of 2012 & 178 of 2012

P.K. Malhotra, Presiding Officer & S.S.N. Moorthy, Member
[Decided on 02/11/2012]

Sections 11(1), 11(4), 11B of the Securities and Exchange
Board of India Act, 1992 read with Regulation 3 of the
Securities and Exchange Board of India (Portfolio Managers)
Regulations, 1993 - Portfolio management services -
solicitation of business without registration with SEBI -
whether restraint order tenable - Held, yes.

Brief facts
A show cause notice dated December 14, 2011 was issued to the
company and its two directors alleging that the company, which
was being managed by Mr. Mritunjay Kumar and Mr. Amaranjay
Kumar, was soliciting business of portfolio management services
from the general public without being registered as a portfolio
manager with the Board. It was observed from the website of the
appellant company that it was offering discretionary portfolio
management services and claimed to have a team of experts
who carefully take investment decisions based on the clients
objectives. The representation so made indicated that the
appellant had carried out portfolio management services without
having registration from the Board as portfolio manager and
contravened section 12(1) of the Act read with regulation 3 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 (the regulations). The company and the two directors filed their reply denying the charges. After considering the replies submitted by them as well as their oral and written submissions, the whole time member of the Board gave benefit of doubt to Mr. Amaranjay Kumar on the charges as contained in the complaint of Mr. Rathore. The whole time member also observed that the complaints against the company have been resolved to the satisfaction of the complainants. These are the mitigating factors to be considered while taking a final view in the matter. With regard to the misrepresentation made on the website of the company relating to rendering of portfolio management services, the whole time member was of the view that the restraint and prohibition already undergone pursuant to the ex parte ad-interim order dated October 11, 2010 and continued under the interim order dated June 1, 2011 are commensurate with the contravention. He, therefore, observed that further restraint need not be continued. However, with a view to protect the interests of the investors, the whole time member, by his impugned order dated March 30, 2012, issued the following further directions:

(a) M/s. Credent Portfolio Management Private Limited and its directors viz. Mr. Mritunjay Kumar and Mr. Amaranjay Kumar shall not solicit or undertake any portfolio management activities, directly or indirectly, in any manner whatsoever without obtaining registration as such from SEBI;
(b) M/s. Credent Portfolio Management Private Limited and its directors viz. Mr. Mritunjay Kumar and Mr. Amaranjay Kumar shall immediately withdraw and remove advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to the portfolio management activities, if any; and
(c) M/s. Credent Portfolio Management Private Limited shall immediately remove the words Portfolio Management from its name as undertaken by it. Mr. Amaranjay Kumar has not preferred any appeal against the said order. The company and Mr. Mritunjay Kumar, its other director, are in appeal before us on the ground that the order carrying conviction and penalty has caused irreparable loss to the business and reputation of the appellant.

Company and its director appealed against the above order.

Decision: Appeal dismissed.

Reason

Learned counsel for the appellant has filed detailed written submissions dealing with a number of issues claiming that the display on the website of the company with regard to its offering of portfolio management services does not amount to soliciting portfolio management services or that the directors of the company cannot be held liable for such display on the website of the company. In support, he has relied on certain judgments/orders of the Supreme Court as well as of this Tribunal. We do not consider it necessary to go into all those details. Suffice it to say that the judgments cited by the appellants relate to criminal liability of a director in respect of offences/violations on the part of the company. Here we are dealing with an admitted fact of a representation on the website which is in violation of the regulatory framework under the Act. The company is a private limited company having only two directors. It is not their case that these directors were not involved in the day to day business of the company. Therefore these directors cannot absolve themselves of the liability due to violations of regulatory framework. The Hon ble Supreme Court, while dealing with the provisions of the Act and the regulations made thereunder, in the case of Chairman, SEBI v. Shriram Mutual Fund AIR 2006 SC 2287, has observed that once contravention of the regulatory framework is established then the penalty has to follow and only the quantum of penalty is discretionary. Following observations of the Supreme Court are relevant:

In our view, the penalty is attracted as soon as contravention of the statutory obligations as contemplated by the Act is established and, therefore, the intention of the parties committing such violation becomes immaterial. In other words, the breach of a civil obligation which attracts penalty under the provisions of an Act would immediately attract the levy of penalty irrespective of the fact whether the contravention was made by the defaulter with any guilty intention or not.

The case under consideration is not even a case of imposition of penalty. For violation on the part of appellants, the Board has only issued a direction which is remedial and not punitive. Therefore, we are not inclined to interfere in the matter.
Land Acquisition Act, 1894 - Section 4 - Deemed acquisition of land - non payment of compensation for decades - Supreme Court settles the law.

**Brief facts**
The land in dispute was owned by the predecessors-in-interest of the appellants. A very large chunk of land including the said land stood notified under Section 4 of the Land Acquisition Act, 1894 (hereinafter referred to as the Act) on 6.6.1964 for the establishment of the Ulhas Khore Project i.e. a project for industrial development. However, no subsequent proceedings were taken up thereafter, and the acquisition proceedings lapsed. The predecessors-in-interest of the appellants were not merely illiterate farmers, but were also absolutely unaware of their rights and hence too inarticulate to claim them. Thus, they could be persuaded by the officers of the respondent authorities to hand over possession of the said land. Actual physical possession of the said land was taken by the State authorities and handed over to the Maharashtra Industrial Development Corporation (hereinafter called as the Development Corporation) in the year 1964 itself.

Similarly situated persons who were also deprived of their rights in a similar manner were granted compensation vide order dated 17.6.1966. The respondent authorities realised in 1981 that grave injustice had been done to the appellants. Thus, in respect of the land in dispute, a fresh notification under Section 4 of the Act dated 14.5.1981 was issued. However, no further proceedings under the Act were initiated. The appellants had been pursuing the authorities persuading them to complete the deemed acquisition proceedings, but despite their efforts, even a declaration under Section 6 of the Act was not issued and therefore, such proceedings also died a natural death.

On 30.4.1988, the Development Corporation, under the instructions of the Government of Maharashtra handed over the possession of the said land to the City Industrial Development Corporation of Maharashtra (hereinafter referred to as CIDCO). The appellants were unable to get any compensation for the said land or even for that matter, any land in lieu of the lands so taken, in spite of their best efforts made in this regard. Various beneficial schemes were floated by the State authorities in favour of persons who had been deprived of their livelihood and those, whose land had been acquired for the same purpose and under such schemes, such uprooted persons were granted a particular piece of developed land, proportionate to their area acquired.

But, appellants efforts in this regard also could not be fruitful.

As the appellants were unable to get any relief from any authority, they were continuously pursuing their remedies by approaching the Special Land Acquisition Officer, as well as the Revenue Authorities of the State, without any success whatsoever, they then, feeling totally distraught/frustrated, approached the High Court of Bombay as a last resort, by filing Writ Petition No. 9513 of 2009. The same was dismissed by the High Court only on the grounds of delay, and the non-availability of certain documents. Hence, this appeal.

**Decision:** Appeal disposed off with direction to pay compensation.

**Reason**
We have heard the learned counsel for the parties and perused the record.

Depriving the appellants of their immovable properties, was a clear violation of Article 21 of the Constitution. In a welfare State, statutory authorities are bound, not only to pay adequate compensation, but there is also a legal obligation upon them to rehabilitate such persons. The non-fulfilment of their obligations would tantamount to forcing the said uprooted persons to become vagabonds or to indulge in anti-national activities as such sentiments would be born in them on account of such ill-treatment. Therefore, it is not permissible for any welfare State to uproot a person and deprive him of his fundamental/constitutional/human rights, under the garb of industrial development.

The appellants have been deprived of their legitimate dues for about half a century. In such a fact-situation, we fail to understand for which class of citizens, the Constitution provides guarantees and rights in this regard and what is the exact percentage of the citizens of this country, to whom Constitutional/statutory benefits are accorded, in accordance with the law.

The appellants have been seriously discriminated against qua other persons, whose land was also acquired. Some of them were given the benefits of acquisition, including compensation in the year 1966. This kind of discrimination not only breeds corruption, but also dis-respect for governance, as it leads to frustration and to a certain extent, forces persons to take the law into their own hands. The findings of the High Court, that requisite records were not available, or that the appellants approached the authorities at a belated stage are contrary to the evidence available on record and thus, cannot be accepted and excused as it remains a slur on the system of governance and justice alike, and an anathema to the doctrine of equality, which is the soul of our Constitution. Even under valid acquisition proceedings, there is a legal obligation on the part of the authorities to complete such acquisition proceedings at the earliest, and to make payment of requisite compensation. The appeals etc. are required to be decided expeditiously, for the sole reason that, if a person is not paid compensation in time, he will be unable to purchase any land or other immovable property, for the amount of compensation that is likely to be paid to him at a belated stage.

In view of the above, the instant case represents a highly unsatisfactory and disturbing situation prevailing in one of the most developed States of our country.

Be that as it may, ultimately, good sense prevailed, and learned senior counsel appearing for the State came forward with a
welcome suggestion stating that in order to redress the grievances of the appellants, the respondent-authorities would notify the land in dispute under Section 4 of the Act within a period of 4 weeks from today. Section 6 declaration will be issued within a period of one week thereafter. As the appellants have full notice and information with respect to the proceedings, publication in the newspapers either of the notification or of the declaration under the Act are dispensed with. Notice under Section 9 of the Act will be served within a period of 4 weeks after the publication of Section 6 declaration and award will be made within a period of three months thereafter. The deemed acquisition proceedings would thus, be concluded most expeditiously. Needless to say, the market value of the land in dispute will be assessed as it prevails on the date on which the Section 4 notification is published in the Official Gazette. Payment of compensation/award amount will be made to the claimants/persons-interested immediately thereafter, alongwith all statutory benefits. The appellants shall be entitled to pursue the statutory remedies available to them for further enhancement of compensation, if so desired.

**LW 112.12.2012**

**MAHAVIR SPINNING MILLS LTD v. HB LEASING & FINANCES CO.LTD [DEL]**


Pradeep Nandrajog & Manmohan Singh, JJ. [Decided on 06/11/2012]

Limitation Act, 1963 - Section 22 read with Articles 36, 37 and 55 - Lease agreement for leasing equipment- recovery of dues - Non-payment of monthly lease rental - whether constitutes continuous breach of contract - Held, No.

**Brief facts**

Mohta Industries Ltd (MIL) and the respondent entered into a lease agreement on May 31, 1984 whereby the respondent company agreed to let out the equipment to MIL. The term of the lease was 96 months. The rental payable was Rs.33,000/- per month for the period from May 31, 1984 to May 30, 1989 and Rs.660/- per month for the period from May 31, 1989 to May 30, 1992. MIL regularly paid the rental till September 30, 1986 but thereafter stopped paying rent despite several demands raised by the respondent company.

On April 01, 1988 MIL was amalgamated with the appellant company which took over all the liabilities of MIL including its liability to pay rent of the equipment to the respondent company. After amalgamation of MIL with the appellant company the respondent company sent several letters to the appellant company seeking payment of rent of the equipment but to no avail. On June 20, 1991 the respondent company issued a legal notice to the appellant company demanding payment of rent of the equipment, in response whereof the appellant company sent letter dated September 13, 1991 to the respondent company denying its liability to pay rent of the equipment. On May 29, 1992 the respondent company filed a suit for possession and recovery of a sum of Rs.23,04,199/- against the appellant company. The suit was decreed in favour of the respondent company.

Though in appeal several grounds were taken to assail the decree, we are concerned with the ground of limitation with respect to the recovery of unpaid instalments of lease rent from 1986 to 1992 as the issue deals with continuous breach of contract and successive breach of contract and period of limitation to sue therefor.

Decision : Decree modified.

**Reason**

Section 22 deals with the question as to when period of limitation commences for a suit or other proceeding in respect of various causes of action that may arise from the wrongful acts of parties. It provides that in the case of a continuing breach, or of a continuing tort, a fresh period of limitation begins to run at every moment of time during which the breach or the tort, as the case may be, continues. The underlying principle of this Section is that a plaintiff is not bound to launch an endless succession of suits each day a wrong persists. He can wait and include in the action all damages down to the date of suit.

Where rights and duties are created by the terms of a contract between the parties, a breach of a duty is a wrong arising out of contract. Where they are created otherwise than under a contract the breach of a duty is a wrong independent of contract. A breach of either of these duties is thus a wrong and the tests applicable to find out what is a continuing wrong are equally applicable to find out what is a continuing breach of contract. The criterion for application of Section 22 is not whether the right or its corresponding obligation is a continuing one, but whether the wrong is a continuing one.

Where the wrong consists of a breach of positive duty, i.e., to do something, the test to find out whether there is a continuing wrong is to see whether the duty is to continue to do that thing. If so, the omission to do that thing is a continuing wrong during the time the omission lasts. Where the wrong consists of a breach of negative duty; i.e., to refrain from doing something, the test to find out whether there is a continuing wrong is to see whether the wrongful act produce a state of affairs, every moment’s continuance of which is a new wrong (i.e., which is a continuing source of injury) and is of such a nature as to render the doer of it responsible for the continuance.

If the wrongful act is of such a nature, it is a continuing wrong.

The very essence of continuing wrong is that it is an act which creates a continuing source of injury and renders the doer of the act
In the instant case, the lease agreement dated May 31, 1984 entered into between Mohta Industries Ltd. and the respondent company is to lease rental in sum of Rs.33,000/- per month for the period from May 31, 1984 to 30.05.1989 and Rs.660/- per month for the period from May 31, 1989 to May 30, 1992. The suit in question was filed on May 29, 1992. The suit in question pertaining to non-payment of lease rental for the remaining period i.e. the period from May, 1989 to May, 1992 is well within limitation for the suit was filed within the period of 3 years from the due date(s) of the lease rentals for such months.

In view of the above discussion, the respondent company is entitled to Lease rental in sum of Rs.33,000/- per month for the period from October, 1986 to April, 1989 is barred by limitation inasmuch as the suit was filed after the expiry of 3 years from the due date(s) of the lease rentals for such months. The suit pertaining to non-payment of lease rental for the remaining period i.e. the period from May, 1989 to May, 1992 is well within limitation for the suit was filed within the period of 3 years from the due date(s) of the lease rental for such months.

Whereas, as per Section 22, the cause of action for filing a suit in respect of continuing breach of contract arise on every moment of time during which the breach continues. Article 55 provides that in case of the successive breaches of contract the cause of action for filing a suit claiming compensation in respect of each individual breach arise on the date of occurrence of each breach. When does the right to sue accrue in the instant case? In other words, when does the cause of action for filing the instant suit arise? In the instant case, as per the lease agreement dated May 31, 1984 entered into between Mohta Industries Ltd. and the respondent company, Mohta Industries Ltd./appellant company was under an obligation to pay lease rental to the respondent company on 30th of each month during the period of lease agreement. Mohta Industries Ltd./appellant company did not pay lease rental to the respondent company after September, 1986.

In view of the guidance offered to us by Section 22 and Articles 36, 37 and 55 we have no hesitation in holding that the cause of action for filing suit for the non-payment of lease rental for a particular month arose on the due date of the lease rental for such month. In the instant case, the term of the lease agreement dated May 31, 1984 was 96 months i.e. 8 years thus the agreement expired on May 30, 1992. Mohta Industries Ltd./appellant company did not pay lease rental to the respondent company after September, 1986. The lease rental payable was Rs.33,000/- per month for the period from May 31, 1984 to 30.05.1989 and Rs.660/- per month for the period from May 31, 1989 to May 30, 1992. The suit in question was filed on May 29, 1992. The suit in question pertaining to non-payment of lease rental for the period from October, 1986 to April, 1989 is barred by limitation inasmuch as the suit was filed after the expiry of 3 years from the date of the lease rental for the lease rentals for such months.

In the instant case, the act of Mohta Industries of defaulting in payment of lease rental to the respondent company on 30th of each month causes an injury to the respondent company which is complete on the date fixed for non-payment of lease rental i.e. 30th of each month and is thus not a continuing wrong. As a necessary corollary to the aforesaid, it has to be held that Section 22 of the Limitation Act, 1963 has no application in the present case. From the definitions of the promissory note [Negotiable Instruments Act] and bond [Indian Stamp Act], it is clear and beyond any doubt that the lease agreement dated May 31, 1984 entered into between the respondent company and Mohta Industries Ltd. is neither a promissory note nor a bond. Thus, Articles 36 applicable to promissory note and 37 applicable to bond have no application in the present case.

Though Article 55 has no application in the instant case, for it applies to suits where relief claimed is compensation for breach of contract. We note that from a conjunctive reading of Section 22 and Article 55 we get guidance that the Limitation Act draws a distinction between continuing breach of contract and successive breaches of contract. We have already dealt with the expression continuing breach of contract while discussing Section 22. Successive breaches occur when a party to a contract agrees to do or forbear from doing two or more different things; in such cases the contracting party may commit several breaches by not doing those things which he has contracted to do or by doing those things which he has contracted to do.

Whereas, as per Section 22, the cause of action for filing a suit in respect of continuing breach of contract arise on every moment of time during which the breach continues, Article 55 provides that in case of the successive breaches of contract the cause of action for filing a suit claiming compensation in respect of each individual breach arise on the date of occurrence of each breach. When does the right to sue accrue in the instant case? In other words, when does the cause of action for filing the instant suit arise? In the instant case, as per the lease agreement dated May 31, 1984 entered into between Mohta Industries Ltd. and the respondent company, Mohta Industries Ltd./appellant company was under an obligation to pay lease rental to the respondent company on 30th of each month during the period of lease agreement. Mohta Industries Ltd./appellant company did not pay lease rental to the respondent company after September, 1986.

In view of the guidance offered to us by Section 22 and Articles 36, 37 and 55 we have no hesitation in holding that the cause of action for filing suit for the non-payment of lease rental for a particular month arose on the due date of the lease rental for such month.

In view of the above discussion, the respondent company is entitled to Lease rental in sum of Rs.33,000/- per month for the period from June, 1989 to May, 1992.

**LW 113.12.2012**

**M.S SMS-VISHWA(JV) v. ICICI BANK LTD & ORS [DEL]**

IA No. 19947/2012 in CS(OS) No. 3190/2012.

V.K. Jain, J.

[Decided on 09/11/2012]

**Civil Procedure Code,1908 - Territorial jurisdiction of courts** - **Plaintiff is in Delhi and defendant is in Thane** - **Contract entered into at Thane for work to be done there** - **Bank guarantees submitted at Thane** - **Whether Delhi courts have jurisdiction to try the suit** - Held, No.

**Brief facts**

Defendant No.4 Thane Municipal Corporation awarded the work of providing laying and commissioning of gravity sewers alongwith construction of manholes for sewerage network and design, construction, supply, erection, testing etc. of sewerage pumping stations to the plaintiff company and an agreement dated 27.2.2009 in this regard was executed between them. In terms of the agreement plaintiff furnished eight bank guarantees to Defendant No.4, which encashed them.

The case of the plaintiff is that since the contract has not been terminated, but has rather been extended till March, 2013, and the physical possession of the whole of the land was not given to them, there is no breach of the contract on its part and there has been no
Therefore, these tasks were accomplished on the same date i.e. 27.2.2009. It would be difficult for me to accept that all the agreements were typed at Thane, signed by the Chief Engineer of defendant no.4 at Thane, and the authorized signatory of the plaintiff has also signed it on behalf of both the parties on 27.2.2009. The agreement purports to have executed on 27.2.2009 at Thane, and also canvassed during arguments was that the agreement dated 27.2.2009 was signed on behalf of the defendant no.4 at Mumbai and then sent to the plaintiff at Delhi, where it was signed by its Authorized Signatory. Since defendant no.4 is a public body, in case it were to sign the agreement at Mumbai and then send it to Delhi for signatures on behalf of the plaintiff company, the agreement would have been sent to the plaintiff company along with a forwarding letter. Since there was no reference to any such forwarding letter in the plaint, I asked the learned counsel for the plaintiff as to what was the mode of sending the agreement from Mumbai to Delhi. The learned counsel for the plaintiff stated that the agreement, after being sent on behalf of defendant no.4, was sent to Delhi through a special messenger without any forwarding letter. However, there is no averment to this effect in the plaint and on being asked, the learned counsel for the plaintiff could not give either the name or designation of the officer/official who allegedly brought the agreement from Mumbai to Delhi. In the ordinary course of conduct of their business, public bodies such as defendant no.4 do not act in the manner stated by the plaintiff and the agreement is signed by all the parties at the same place. Ordinarily, the contractor executes such agreement in the office of the concerned public body where it is also signed on behalf of the said public body. In fact, the stamp of Typing and Computer Centre, where this agreement appears to have been typed, is of Thane and bears the date 27.2.2009.

Agreement dated 27.2.2009 was executed by the defendant no.4 at Thane and by the plaintiff at Delhi. It appears to me that the agreement was executed at Thane and was signed there on behalf of both the parties on 27.2.2009.

In the case before this Court, if the contract was executed at Thane, as appears to be the case, this Court would have no jurisdiction to entertain the present suit, since undisputedly the Bank Guarantees were submitted at Thane and the contract was to be executed within the jurisdiction of defendant no.4 at Thane. Since *prima facie*, it appears to me that this Court had no territorial jurisdiction to try the present suit, grant of *ad interim ex parte* injunction by this IA 19947/2012 in Court against encashment of the Bank Guarantees would not be justified. The request for grant of *ex parte ad interim* injunction is, therefore, declined.

**LW 114.12.2012**

PREMLAXMI & CO v. KONKAN RAILWAY CORPORATION LTD & ORS [BOM]

**Arbitration Petition No. 570 of 2009**

Anoop v. Mohta, J.

[Decided on 29/10/2012]

**Arbitration And Conciliation Act, 1996 - Section 34 - appeal against the award - work to be executed in Ratnagiri - arbitration proceedings took place in Mumbai - whether Mumbai court has jurisdiction to entertain the appeal - Held, No.**

**Brief facts**

Appellant challenged the award passed by the arbitrator. As the arbitration proceedings took place in Mumbai where the award was passed, the appeal was filed in the Bombay High Court. The core issue was whether the court has jurisdiction to entertain the appeal.

**Decision** : Appeal dismissed.

**Reason**

Admittedly, there is no specific clause of Court jurisdiction. Merely because an application under Section 11 of the Arbitration Act was filed by the petitioner and whereby an arbitral tribunal was constituted that itself cannot give jurisdiction to this Court to entertain Section 34 petition as filed.

Admittedly, basic cause of action arose at Ratnagiri as the construction was of a tunnel at Ratnagiri, Section 2(e) of the Arbitration Act deals with the term "Court". Therefore, the Court at Ratnagiri has jurisdiction to deal with and entertain such application against the award, though passed by the arbitral tribunal by the consent of parties by holding meetings in Mumbai. The place of
arbitration in Mumbai is not sufficient to decide jurisdiction of this Court to entertain Section 34 application. The submission that in view of Section 42 and as admittedly Section 11 application was filed in this Court, therefore, this Court has jurisdiction to entertain the present petition is unacceptable. The Court as contemplated in Section 2(e) and Section 42 cannot be compared with and cannot mean the Chief Justice and/or the designated Judge, as contemplated under Section 11 of the Arbitration Act. Both are different and distinct entity.

Section 34 itself, therefore, needs to be read with Section 2(e) which means the Court where cause of action arose and/or subject matter of the arbitration situated. Therefore, when admittedly the construction work was at Ratnagiri, the "Court" at Ratnagiri has jurisdiction to entertain such petition. The Apex court in Garhwal Mandal Vikas Nigam Ltd. v. Krishna Travel Agency [(2008) 6 SCC 745] has dealt with the aspect in following terms:

We further reiterate that the view taken by this Court in National Aluminium Company Ltd. v. Pressteel and Fabrications (P) Ltd. [(2004) 1 SCC 540] and State of Goa v. Western Builders [(2006) 6 SCC 239] is the correct approach and we reaffirm the view that in case any appointment of arbitrator is made by the High Court under Section 11(6), the Principal Civil Court of Original Jurisdiction remains the District Court and not the High Court. And likewise, if an appointment of the arbitrator is made by this Court, in that case also, the objection can only be filed before the Principal Civil Court of Original Jurisdiction as defined in Section 2(1)(e) of the 1996 Act. Thus, in this view of the matter, we hold that the plea raised by Learned Counsel for the petitioner that this Court should entertain the award given by the arbitrator appointed by this Court and all objections to it should be disposed of by this Court is unacceptable and consequently, the prayer made in the application is rejected.

This Court also, though prior to the Constitution Bench decision in Konkan Railway Corporation Ltd. referring to Section 42 read with Section 2(e) taken the view, which covered the present facts and circumstances also in favour of the preliminary objection. The decision given by this Court (by D.K. Deshmukh, J., as he then was) in Garden Finance Ltd. v. Prakash Industries Ltd. [2001 (4) Mh. L.J. 425] has dealt with this facet in detail. I am in agreement with the same. Even from the plain reading of these two Sections, I am inclined to accept the submission by the Learned Counsel appearing for respondents that this Court has no jurisdiction. The arbitration petition is, therefore, without expressing anything on merits, disposed off as not maintainable.

ATTENTION MEMBERS!
IDENTITY CARDS FOR MEMBERS

Members who are yet to get the Identity Card issued from the Institute are requested to apply for the same along with their latest two coloured passport size photographs in the format given below (indicating on the reverse the Name and Membership Number) to the Membership Section of the Institute at ICSI House, 22, Institutional Area, Lodi Road, New Delhi-110003. For queries, if any, contact on -

Phone No. 011 45341061 Mobile No. + 91 9866128682 Email Ids member@icsi.edu / acs@icsi.edu

Request for issue of Member’s Identity Card

Please send latest two coloured passport size photographs mentioning your name & membership no. on the reverse of the photograph along with the following details:

Membership No. ACS/FCS ……………………………
Name ………………………………………….
( in block letters) (First Name) ( Middle Name) (Surname)
Date of birth ………………………………
Phone: Office: ……………………………… Residence: ………………………………
Mobile No. ………………………………
E-mail address ………………………………

Passport size coloured photograph

Signature with date
Corporate Laws

01 Filing of Balance Sheet and profit and Loss Account by companies in Non - XBRL for the accounting year commencing on or after 01.04.2011

[Issued by the Ministry of Corporate Affairs vide General Circular No. 38/2012 dated 23.11.2012.]

In continuation of General Circular No. 30/2012 dated 28.09.2012 on the subject cited above, I am directed to say that Due date of filing of e-forms 23AC(Non-XBRL) and 23ACA (Non XBRL) as per new schedule VI (applicable for the accounting year commencing on or after 1.4.2011 ) has been extended upto 24.11.2012 for Companies holding AGM or whose due date for holding AGM is on or after 21.09.2012.

Such companies can now file these eForms without any additional fees upto 24.11.2012 or due date of filing, whichever is later.

This has been issued with the approval of the competent authority.

Sanjay Kumar Gupta

02 Examination of Balance Sheets by RoCs

[Issued by the Ministry of Corporate Affairs vide General Circular No. 37/2012 dated 06.11.2012.]

It is considered expedient to issue the following circular for general information.

2. Every company registered under the provisions of the Companies Act, 1956 is required to file its balance sheet annually with the office of the Registrar of Companies within whose jurisdiction the registered office of the company is located. Presently, there are more than 8 lakh companies registered with various offices of the RoCs located all over the country. Balance sheets of all the companies who carry out the filing are available for public inspection on the portal of this Ministry (http://www.mca.gov.in). The underlying idea behind the filing of balance sheets and other documents which require similar filings is to publicly disclose information which reflects various aspects of the working of a company so that the company’s public accountability is maintained. It is neither intended nor feasible for the Registrars to scrutinize or verify the contents of filing except on a random basis. Companies and its Directors and officials are liable to be penalized for any incorrect, false or misleading information that such filing disclose.

In the following cases, however, the Registrars routinely scrutinize balance sheets:

(i) of companies against whom there are complaints;
(ii) of companies which have raised money from the public through public issue of shares/ debentures etc.;
(iii) in cases where the auditors have qualified their reports.
(iv) Default in payment of matured deposits and debentures.
(v) References received from other regulatory authorities pointing out violations/irregularities calling for action under the Companies Act, 1956.

3. After the scrutiny suitable steps are initiated wherever necessary to obtain explanation and clarification and to institute inspections, investigations and prosecutions wherever warranted.

L.R. Meena
Joint Director

03 Appointment of Cost Auditor by Companies

[Issued by the Ministry of Corporate Affairs vide General Circular No. 36/2012 dated 06.11.2012.]

In continuation of the General Circular No. 15/2011 dated 11th April 2011, Ministry hereby makes the following changes:

(a) The company shall, within thirty days from the date of approval by MCA of the application made to the Central Government in the prescribed Form 23C seeking its prior approval for the appointment of cost auditor, issue formal...
2. MCA is regularly receiving requests from the companies
(e) In order to ensure compliance of section 224(1-B) of the
(d) In case of change of cost auditor caused by the death of
(c) In case of change of cost auditor caused by the death of
(b) The cost auditor shall, within thirty days of the date of
(a) In order to ensure compliance of section 224(1-B) of the
Companies Act 1956, required changes are being made in the MCA21 system to restrict the number of cost audit approvals to the limits specified in section 224(1-B) through a counter on the membership number of the sole proprietor or partner of the firm. It will be further ensured that in case of a sole proprietor, he has completed the audit and submitted the cost audit report. In case of a partnership firm, the partner so appointed or any other partner of the same firm is allowed to complete the audit and submit cost audit report subject to his total numbers not exceeding the limit specified in section 224(1-B).

2. MCA is regularly receiving requests from the companies and cost auditors for making corrections in the e-forms 23C & 23D in respect of minor typographical errors or other mistakes such as incorrect financial year, incorrect name of the cost auditor or the cost audit firm, incorrect PAN number, incorrect scope of audit, etc. In MCA21 system, no changes are permitted in the approved e-forms.

Therefore, all companies and cost auditors are hereby informed to carefully verify all particulars before uploading e-forms 23C or 23D on the MCA21 portal. In any rare case, if still any error/mistake is observed, it should be brought to the notice of MCA well before its approval enabling it to return the said e-form for re-submission after making the required corrections. Else, the companies and cost auditors shall be required to file fresh e-forms 23C & 23D containing correct particulars, alongwith the applicable fee and additional fee.

3. If a company or the cost auditor contravenes any provisions of this circular, the company and every officer thereof who is found to be in default, and the cost auditor in case he is in default, shall be punishable as per applicable provisions of the Companies Act, 1956.

4. The modifications contained in this circular shall be effective from the financial year commencing on or after the 1st day of January, 2013.

5. The Institute is requested to bring this to the general information of all Members in practice, and of the corporate sector.

B. B. Goyal
Adviser (Cost)

04 Default by the Cost Auditors in filing Form 23D against the corresponding Form 23C

[Issued by the Ministry of Corporate Affairs vide General Circular No. 35/2012 dated 05.11.2012.]

Ministry of Corporate Affairs vide General Circular No. 15/2011 dated April 11, 2011 had prescribed a revised procedure to be followed for appointment of cost auditors. As per the revised procedure, each company is required to e-file its application with the Central Government in the prescribed Form 23C within ninety days from the date of commencement of each financial year, which shall be approved by MCA within 30 days.

2. Upon approval by MCA, the company is required to issue formal letter of appointment to the cost auditor, who shall, within 30 days of receipt of such letter of appointment, inform the Central Government in the prescribed Form 23D alongwith a copy of such appointment.

3. It is, however, observed that since April 1, 2011, though all the appointment applications made by the companies concerned in Form 23C have already been approved by the MCA, a large number of cost auditors have defaulted in filing the required Form 23D within the stipulated time. In many cases, the default period is even more than a year. This has been viewed very seriously by the Ministry.

4. Keeping in view the initial operation of the revised procedure, all the defaulting cost auditors are requested to file their required Form 23D that have already become due till date, by December 16, 2012 positively. In case of any further default, names of such defaulting members shall be sent to the Institute on December 17, 2012 intimating the Institute to initiate Disciplinary Proceedings against them under the relevant provisions of Cost and Works Accountants Act, 1959.

5. In cases where the company concerned, after approval of

CHARTERED SECRETARY

December 2012
Form 23C, has failed to issue the formal letter of appointment to the cost auditor, they shall do so within 15 days of the issue of this Circular enabling the cost auditor to file Form 23D within the extended time indicated above. In case of non-compliance, the company and every officer thereof who is found to be in default shall be punishable as per provisions of the Companies Act,1956.
6. The Institute is requested to circulate this for the information of all concerned.

B. B. Goyal
Adviser (Cost)

05 Inventory Management for Market Makers of SME Exchange/Platform

[Issued by the Securities and Exchange Board of India vide CIR/MRD/DSA/31/2012 dated 27.11.2012.]

1. SEBI vide circular dated April 26, 2010 has issued guidelines for market makers on stock exchange/trading platform by a recognized stock exchange having nationwide trading terminals for Small and Medium Enterprises (SMEs).
2. Further, SEBI vide circular dated May 18, 2010 prescribed the framework for setting up of a stock exchange/trading platform by a recognized stock exchange having nationwide trading terminals for Small and Medium Enterprises (SMEs).
3. In this regard it has been decided to make applicable, limits on the upper side for market makers during market making process taking into consideration the issue size in the following manner -

<table>
<thead>
<tr>
<th>Issue Size</th>
<th>Buy quote exemption threshold (including mandatory initial inventory of 5% of issue size)</th>
<th>Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of issue size)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto ₹20 Crore</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>₹20 Crore to ₹50 Crore</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>₹50 Crore to ₹80 Crore</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>Above ₹80 Crore</td>
<td>12%</td>
<td>11%</td>
</tr>
</tbody>
</table>

4. Further, the following shall apply to market makers while managing their inventory during the process of market making:
   i. The exemption from threshold shall not be applicable for the first three months of market making and the market maker shall be required to provide two way quotes during this period irrespective of the level of holding.
   ii. Threshold for market making as prescribed will be inclusive of mandatory inventory of 5% of issue size at the time of allotment in the issue.

iii. Any initial holdings over and above such 5% of issue size would not be counted towards the inventory levels prescribed.
iv. Apart from the above mandatory inventory, only those shares which have been acquired on the platform of the exchange during market making process shall be counted towards the Market Maker's threshold.
v. Threshold limit will take into consideration, the inventory level across market makers.
vi. The market maker shall give two way quotes till he reaches the upper limit threshold, thereafter he has the option to give only sell quotes.
vii. Two way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.
viii. In view of the market maker obligation, there shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

5. All stock exchanges are advised to:
   i. make necessary amendments, if any to the relevant bye laws, rules and regulations for the implementation of the above decision.
   ii. disseminate the same on their website for easy access to the market makers and other market participants.
   iii. communicate to SEBI, the status of implementation of the provisions of this circular in the monthly development report.

6. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This circular shall come into effect immediately.

This circular is available on SEBI website at www.sebi.gov.in

Rajesh Kumar D
Deputy General Manager

06 Review of the Securities Lending and Borrowing (SLB) Framework

[Issued by the Securities and Exchange Board of India vide CIR/MRD/DP/30/2012 dated 22.11.2012.]

1. The framework for SLB was specified vide circular no. MRD/DoP/SE/Dep/Cir-14 /2007 dated December 20, 2007 and operationalised with effect from April 21, 2008. The SLB framework was revised vide circular no. MRD/DoP/SE/Cir- 31/2008 dated October 31, 2008,
circular no. MRD/DoP/SE/Dep/Cir-01/2010 dated January 06, 2010 and circular no. CIR/MRD/DP/33/2010 dated October 07, 2010. The framework for SLB is hereby modified as under:

1. **Introduction of roll-over facility**
   1.1. Any lender or borrower who wishes to extend an existing lent or borrow position shall be permitted to roll-over such positions i.e. a lender who is due to receive securities in the pay out of an SLB session, may extend the period of lending. Similarly, a borrower who has to return borrowed securities in the pay-in of an SLB session, may, through the same SLB session, extend the period of borrowing. The roll-over shall be conducted as part of the SLB session.
   1.1.1. Rollover shall not permit netting of counter positions, i.e. netting between the ‘borrowed’ and ‘lent’ positions of a client.
   1.1.2. Roll-over shall be available for a period of 3 months i.e. the original contract plus 2 rollover contracts.

2. **Introduction of liquid Index Exchange Traded Funds (ETFs) under the SLB scheme**
   1.2.1. Liquid Index ETFs shall be eligible for trading in the SLB segment.
   1.2.2. For the purposes of this circular, an Index ETF shall be deemed ‘liquid’ provided the Index ETF has traded on at least 80% of the days over the past 6 months and its impact cost over the past 6 months is less than or equal to 1%.
   1.2.3. Positions limits for SLB in respect of ETFs shall be based on the assets under management of the respective ETF.

2. Stock Exchanges and Depositories are advised to:
   2.1. Take necessary steps and put in place necessary systems for implementation of the above.
   2.2. Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
   2.3. Bring the provisions of this circular to the notice of the member brokers of the stock exchange and depository participants to disseminate the same on their website.

3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

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**Mini derivative (Futures & Options) contract on Index (Sensex & Nifty)**

[Issued by the Securities and Exchange Board of India vide CIR/DRMNP/4/2012 dated 20.11.2012.]

1. SEBI vide Circular No. SEBI/DNPD/Cir-33/2007 dated December 27, 2007 had permitted Stock Exchanges to introduce mini derivative contract on Index (Sensex and Nifty) with a minimum contract size of INR 1 lakh.
2. With a view to ensure that small/retail investors are not attracted towards derivatives segment, it has now been decided to discontinue mini derivative contracts on Index (Sensex and Nifty).
3. Exchanges are directed to take necessary action to give effect to this circular. No fresh mini derivatives contracts shall be issued. However, the existing unexpired contracts may be permitted to trade till expiry and new strikes may also be introduced in the existing contract months. Further, Exchanges are also directed to give due notice to the market in this regard.
4. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
5. This circular is available on SEBI website at www.sebi.gov.in under the category “Derivatives-Circulars”.

Shashi Kumar
Deputy General Manager

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**Circular on Mutual Funds**

[Issued by the Securities and Exchange Board of India vide CIR/IMD/DF/24/2012 dated 19.11.2012.]

A. **Amendments to SEBI (Mutual Funds) Regulations, 1996**

1. Please find enclosed a copy of the gazette notification No. LAD-NRO/GN/2012- 13/17/21502 dated September 26, 2012 pertaining to Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2012, for your information and implementation.

B. **Prudential limits and disclosures on portfolio concentration risk in debt oriented mutual fund schemes**

1. Presently, the guidelines issued on prudential limit for sectoral exposure in debt oriented mutual fund schemes put a limit of 30% at the sector level. However, in light of...
the important role played by the Housing Finance Companies (HFCs) in the housing sector, it has been decided that an additional exposure not exceeding 10% of net assets of the scheme shall be allowed only to HFCs as part of financial services sector for prudential limits in debt oriented schemes.

2. In partial modification to SEBI Circular No.CIR/IMD/DF/21/2012 dated September 13, 2012, clause 1 of Para (J) shall read as under:

"1.Mutual Funds/AMCs shall ensure that total exposure of debt schemes of mutual funds in a particular sector (excluding investments in Bank CDs, CBLO, G-Secs, TBills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 30% of the net assets of the scheme;
Provided that an additional exposure to financial services sector (over and above the limit of 30%) not exceeding 10% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only;
Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/exposure in HFCs shall not exceed 30% of the net assets of the scheme."  

C. Brokerage and Transaction Cost

1. In order to align with the regulation 52(6A)(a) of the SEBI (Mutual Funds) Regulations 1996, the provisions of Para-B(4) of SEBI Circular No.CIR/IMD/DF/21/2012 dated September 13, 2012 is modified, and the revised provisions shall read as under:

"Service tax on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under regulation 52 of the Regulations."

2. It is clarified that the brokerage and transaction cost incurred for the purpose of execution of trade may be capitalized to the extent of 12bps and 5bps for cash market transactions and derivatives transactions respectively. Any payment towards brokerage and transaction cost, over and above the said 12 bps and 5bps for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER)

D. Credit of exit load to scheme

1. In terms of new regulation 51A of SEBI (Mutual Funds) Regulations, 1996, the exit load charged, if any, would be credited to the scheme. Accordingly, Para-4(c) of SEBI circular SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 stands withdrawn.

SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS)
(SECOND AMENDMENT) REGULATIONS, 2012.

[Published in Gazette of India Extraordinary, Part-III-Section-4 dated 26.09.2012.]

No. LAD-NRO/GN/2012-13/17/21502 - In exercise of the powers conferred under section 30 of the Securities and Exchange Board of India Act, 1992, the Board hereby makes the following regulations to amend the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2012.
2. These regulations shall come into force on the first day of October, 2012.
3. In the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996–
   i. in regulation 48, sub-regulation (2) and the proviso shall be substituted with the following, namely -

   "(2)The Net Asset Value of the scheme shall be calculated on daily basis and published in at least two daily newspapers having circulation all over India."

   ii. after regulation 51, the following new regulation shall be inserted, namely-

   "Credit of exit load to scheme.

   51A. The exit load charged, if any, after the commencement of the SEBI (Mutual Funds) (Second Amendment) Regulations, 2012, shall be credited to the scheme."

   iii. in regulation 52,-

   A. sub- regulation (2) shall be substituted with the following, namely-

   "(2) The asset management company may charge the scheme with investment and advisory fees which shall be fully disclosed in

Parag Basu
General Manager
the offer document.”

B. in sub-regulation (4), the words “mutual fund” shall be substituted with the word “scheme”.

C. in sub-regulation (6),

I. for clause (a), the following shall be substituted, namely-

“(a) in case of a fund of funds scheme, the total expenses of the scheme including weighted average of charges levied by the underlying schemes shall not exceed 2.50 per cent of the daily net assets of the scheme.”.

II. in clause (b), the words “weekly average” shall be substituted with the words “daily”.

III. in clause (c), the words “or average weekly” and “or weekly average” wherever appearing shall be omitted.

D. after sub-regulation (6), the following new sub-regulation shall be inserted, namely-

“(6A) In addition to the limits specified in sub-regulation (6), the following costs or expenses may be charged to the scheme, namely-

(a) brokerage and transaction costs which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions;

(b) expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from such cities as specified by the Board from time to time are at least -

(i) 30 per cent of gross new inflows in the scheme, or;

(ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis:

Provided further that expenses charged under this clause shall be utilised for bringing inflows from such cities:

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment;

(c) additional expenses, incurred towards different heads mentioned under sub-regulations (2) and (4), not exceeding 0.20 per cent of daily net assets of the scheme”.

E. in sub-regulation (7), the words, symbols and number “sub-regulation (6)” shall be substituted with the words, symbols and numbers “sub-regulations (6) and (6A)”.

iv. for regulation 59, the following shall be substituted, namely-

“Half-yearly Disclosures.

59. (1) A mutual fund and asset management company shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website:

Provided that the half-yearly unaudited report referred to in this subregulation shall contain details as specified in Twelfth Schedule and such other details as are necessary for the purpose of providing a true and fair view of the operations of the mutual fund.

(2) A mutual fund and asset management company, shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the mutual fund is situated.”.

v. In Twelfth Schedule, in serial number 6.5, the words and symbols “daily/weekly average” wherever appearing shall be substituted with the word “daily”.

U. K. Sinha
Chairman

09 Participation of mutual funds in Credit Default Swaps (CDS) Market as Users (“Protection Buyers”) and in repo, in corporate debt securities

[Issued by the Securities and Exchange Board of India vide CIR/IMD/DF/23/2012 dated 15.11.2012.]

A. CDS – mutual funds as users (protection buyers)

1. The Reserve Bank of India (RBI), vide notification No. IDMD.PCD.No.5053/14.03.04/2010-11 dated May 23, 2011, has issued the ‘Guidelines on Credit Default Swaps for Corporate Bonds’.

2. It has been decided to permit mutual funds to participate in repo, in corporate debt securities as users (“Protection Buyers”) and
in CDS market, as per the guidelines issued by RBI from time to time, subject to the following conditions:

a. Mutual funds shall participate in CDS transactions only as users (protection buyer). Thus, mutual funds are permitted to buy credit protection only to hedge their credit risk on corporate bonds they hold. They shall not be allowed to sell protection and hence not permitted to enter into short positions in the CDS contracts. However, they shall be permitted to exit their bought CDS positions, subject to para 2(d) below.

b. Mutual funds can participate as users in CDS for the eligible securities as reference obligations, constituting from within the portfolio of only Fixed Maturity Plans (FMP) schemes having tenor exceeding one year.

c. Mutual funds shall buy CDS only from a market maker approved by the RBI and enter into Master Agreement with the counterparty as stipulated under RBI Guidelines. Exposure to a single counterparty in CDS transactions shall not exceed 10% of the net assets of the scheme.

d. The cumulative gross exposure through credit default swap in corporate bonds along with equity, debt and derivative positions shall not exceed 100% of the net assets of the scheme.

e. The total exposure related to premium paid for all derivative positions, including CDS, shall not exceed 20% of the net assets of the scheme.

f. Before undertaking CDS transactions, mutual funds shall put in place a written policy on participation in CDS approved by the Board of the Asset Management Company and the Trustees as per the guidelines specified by RBI and Securities and Exchange Board of India (SEBI). The policy shall be reviewed by mutual funds, at least once a year.

g. To enable the investors in the mutual funds schemes to take an informed decision, the concerned Scheme Information Document (SID) shall disclose the intention to participate in CDS transaction in corporate debt securities in accordance with directions issued by RBI and SEBI from time to time, and related information as appropriate in this regard.

h. Mutual funds shall also disclose the details of CDS transactions of the scheme in corporate debt securities in the monthly portfolio statements as well as in the half yearly trustee report, as per the format placed at Annexure-A. Further, mutual funds shall disclose the schemewise details of CDS transactions in the notes to the accounts of annual report of the mutual fund as per the format placed at Annexure-B.

3. Mutual funds participating in CDS transactions, as users, shall be required to comply with the guidelines issued by RBI, vide notification no. IDMD.PCD.No.5053/14.03.04/2010-11 dated May 23, 2011 and subsequent guidelines issued by RBI and SEBI from time to time.

B. Participation of mutual funds in repo in corporate debt securities

1. SEBI vide circular no. CIR/IMD/DF/19/2011 dated November 11, 2011, allowed mutual funds to participate in repo in corporate debt securities.

2. In order to encourage growth of the corporate bond market, it has been decided that base of eligible securities may be expanded, for mutual funds to participate in repo in corporate debt securities, from AAA rated to AA and above rated corporate debt securities.

3. Therefore, in partial modification to the aforesaid circular, para 3(c) of the circular shall now read as under:

"Mutual funds shall participate in repo transactions only in AA and above rated corporate debt securities."

This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with the provision of Regulation 77 of SEBI (Mutual Funds) Regulation, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Parag Basu
General Manager

Annexure-A

Format for disclosure to be made in the monthly portfolio statements and half-yearly trustee report

<table>
<thead>
<tr>
<th>Counter-party Details</th>
<th>Details of the underlying</th>
<th>Details of Protection</th>
<th>Credit event payments received</th>
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<td>Name of the reference entity</td>
<td>Amount (FV)</td>
<td>Residual Maturity</td>
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<td>(Amount in ` crore, Residual Maturity/Tenor in years)</td>
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Annexure-B

Format for disclosure to be made in the notes to account of annual report of the mutual funds

1. No. of transactions during the year
2. Amount of protection bought during the year
3. No. of transactions where credit event payment was received during the year:
   a. Pertaining to current year transactions
   b. Pertaining to previous year (s) transactions
4. Outstanding transactions as on year end:
   a. No. of transactions
   b. Amount of protection
5. Net income/expense in respect of CDS transactions during year-to-date:
   a. Premium Paid
   b. Credit event payments received (net of value of derivable obligations)
Arbitration Mechanism in Stock Exchanges

[Issued by the Securities and Exchange Board of India vide CIR/MRD/ICC/29/2012 dated 07.11.2012.]

1. Reference may be made to circular no. CIR/MRD/DSA/29/2010 dated August 31, 2010. In this regard, SEBI has received inputs regarding amount to be deposited by the investors at the time of making arbitration reference. Accordingly, para 7.2 of the circular no. CIR/MRD/DSA/29/2010 dated August 31, 2010 is being modified. The para 7.2 of aforementioned circular dated August 31, 2010 shall now read as under:

"7.2 A client, who has claim / counter claim upto Rs. 10 lakh and files arbitration reference, shall be exempt from the deposit. Expenses thus arising with regard to such applications shall be borne by the Stock Exchanges."

2. The stock exchanges are advised to:
   a. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately;
   b. bring the provisions of this circular to the notice of the members of the stock exchange and also to disseminate the same through their website; and
   c. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Reports to SEBI.

3. SEBI inspection of stock exchange shall cover implementation of this circular.

4. This Circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

5. This Circular is available on SEBI website at www.sebi.gov.in.

B K Gupta
Deputy General Manager

Debt Allocation Mechanism for FII

[Issued by the Securities and Exchange Board of India vide CIR/IMD/FIIC/22/2012 dated 07.11.2012.]

1. SEBI vide circular CIR/IMD/FIIC/1/2012 dated January 03, 2012 had provided the facility of re-investment up to two years from the date of the circular or to the extent of twice the size of the debt portfolio, to those FII’s and sub-accounts that had already acquired limits and for invested in debt in the manner prescribed in the said circular. With a view to provide operational flexibility, beginning January 01, 2014, it has been decided that the FII’s/Sub-Accounts can re-invest during each calendar year to the extent of 50% of their debt holdings at the end of the previous calendar year.

2. In partial modification to para 6.1 of circular CIR/IMD/FIIC/18 /2010 dated November 26, 2010, it has been decided that the time period for utilization of the Government debt limits (for both old and long term limits) allocated through bidding process shall be 30 days while the time period for utilization of the corporate debt limits (for both old and long term infra limits) allocated through bidding process shall be 60 days.

3. Further, in partial modification to para 4 of circular CIR/IMD/ FIIC/ C/ I S/ 2012 dated June 26, 2012, it has been decided that FII/sub-accounts may avail limits in the Corporate Debt Long Term Infra category without obtaining SEBI approval till the overall FII investments reaches 90% (ninety percent), after which the auction mechanism shall be initiated for allocation of remaining limits, SEBI will put in place a mechanism to monitor the utilization of the limit.

This circular is issued in exercise of powers conferred under SEBI Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

A copy of this circular is available at the web page “F.I.I.” on our website www.sebi.gov.in. The custodians are requested to bring the contents of this circular to the notice of their FII clients.

S Madhusudhanan
Deputy General Manager

Establishment of Connectivity with both depositories NSDL and CDSL – Companies eligible for shifting from Trade for Trade Settlement (TFTS) to normal Rolling Settlement

[Issued by the Securities and Exchange Board of India vide CIR/MRD/DP/28/2012 dated 02.11.2012.]

1. It is observed from the information provided by the depositories that the companies listed in Annexure ‘A’ have established connectivity with both the depositories.

2. The stock exchanges may consider shifting the trading in these securities to normal Rolling Settlement subject to the following:

   a. The companies listed in Annexure ‘A’ have established connectivity with both NSDL and CDSL.
   b. The companies listed in Annexure ‘A’ have provided the requisite documents to the stock exchanges.
   c. The companies listed in Annexure ‘A’ have obtained the necessary approvals from SEBI.

   Further, the stock exchanges may consider shifting the trading in these securities to normal Rolling Settlement subject to the following:

   a. The companies listed in Annexure ‘A’ have established connectivity with both NSDL and CDSL.
   b. The companies listed in Annexure ‘A’ have provided the requisite documents to the stock exchanges.
   c. The companies listed in Annexure ‘A’ have obtained the necessary approvals from SEBI.

   These changes shall come into effect immediately.

   This circular is available on SEBI website at www.sebi.gov.in. The custodians are requested to bring the contents of this circular to the notice of their FII clients.

S Madhusudhanan
Deputy General Manager
1. Change of Name in the Beneficial Owner (BO) Account

[Issued by the Securities and Exchange Board of India vide CIR/MRD/DP/27/2012 dated 01.11.2012.]

1. In order to simplify the procedure of change of name in individual Beneficial Owner’s (BO) account, it has been decided that an individual BO may be allowed to change his/ her name, subject to the submission of following documents at the time of change of name of the individual in the BO account.
   i. In case of change in name on account of marriage following documents shall be submitted:
      a. Marriage Certificate or copy of Passport showing husband’s name or publication of name change in official gazette.
      ii. In case of change in name on account of reasons other than marriage
         a. Publication of name change in official gazette.
      iii. In case of change in father’s name
         a. Publication of name change in official gazette.

2. The Depository Participants (DPs) shall collect the self attested copies of above documents and maintain the same in their records after verifying with the original document.

3. The Stock Exchanges are advised to report to SEBI, the action taken in this regard in the Monthly/Quarterly Development Report.

Maninder Cheema
Deputy General Manager

Annexure A

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SECURITIES AND EXCHANGE BOARD OF INDIA (NOTIFICATION)

Notification regarding establishment of Local Office of the Board at Bhubneshwar

[Published in Gazette of India Extraordinary, Part-III-Section-4 dated 19.11.2012.]

No. LAD-NRO/GN/2012-13/23/5430 - In exercise of the powers conferred by sub-section (4) of section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board has established its Local Office at Bhubaneswar under the administrative control of the Eastern Regional Office at Kolkata. The Local office so established shall look after the regulatory aspects of Investor protection, investor education and such other functions as may be delegated from time to time, and its role and responsibility shall extend to the areas falling under the territorial jurisdiction of the State of Odisha.

U. K. Sinha
Chairman
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*Admitted on 22nd October, 31st October, 2012 and 12th November, 2012*
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**Restored**

1. Sh. Natarajan Haritheertham
2. Sh. P N Krishnan
3. Sh. Prakash Suraj
4. Sh. Jayaraman Srinivasan Iyer
5. Sh. B. L. Ajmera
6. Sh. Om Prakash Dhingra

**Mrs. Harshada Shashank Pathak**
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25. Sh. Aalhad Anil Mahabal
26. Sh. Kajal Gurnani
27. Ms. Ananyanguly
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29. Ms. Rashmi Khetan
30. Sh. Lalit Kumar Mohanty
31. Mrs. Ritu Agrawal
32. Sh. Narshing Dass Gupta
33. Sh. Nitesh Kumar Shrivastava
34. Sh. Pratibha Sharma
35. Sh. Ankit Goel
36. Ms. Rachna Nagpal
37. Sh. S S Jangid
38. Sh. Girraj Kumar Gupta
39. Ms. Kalyani Srinivasan
40. Sh. Diwaker Bansal
41. Ms. Kanika Sukhija
42. Sh. Ankibhatnagar
43. Sh. Chandra Mohan Bahety
44. Sh. Arvind Harlalka
45. Sh. Anil B Jhawar
46. Sh. Sridhar Subramanian
47. Sh. P R Sonawane
48. Sh. Satyanaarayana Murthi
49. Sh. Ajit Narayan Joshi
50. Sh. V Mahesh Kumar Savanth
51. Sh. Subramanian Sundaram
52. Sh. V P K Mani
53. Sh. Dinesh Shivnarayan Birla
54. Sh. Rajesh Pareek
55. Sh. Surendra Kumar Sipani
56. Ms. Sweta Sethia
57. Sh. Rajesh Kumar Arora
58. Ms. Dolly Dhavle
59. Sh. Vimal Kumar Jain
60. Sh. Naseem Ahmed
61. Sh. R K Saini

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4 | Mr. Saurabh Singhal | ACS - 30952 | NIRC
5 | Mr. Ashish A Parmar | ACS - 29470 | SIRC
6 | Ms. Deepika | ACS - 29794 | SIRC
7 | Ms. Saloni Rastogi | ACS - 22841 | SIRC
8 | Ms. Rekha Goenka | ACS - 17805 | EIRC
9 | Ms. Radhika Lalsen Vaiude | ACS - 30639 | WIRC
10 | Mr. Prasanna Hegde | ACS - 30738 | WIRC
11 | Ms. Pavitra Agarwal | ACS - 29922 | NIRC
12 | Mr. Kajal Kaushik | ACS - 26006 | NIRC
13 | Ms. Prathibha Priya M R | ACS - 20871 | SIRC
14 | Ms. Anitha Christina Migael | ACS - 30946 | SIRC
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19 | Mrs. Nitisha Saurabh Sohoni | ACS - 26078 | WIRC
20 | Sh. Sunil Kumar Singh | ACS - 24825 | EIRC
21 | Mr. Rishi Raj Garg | ACS - 30384 | NIRC
22 | Ms. Sonal Sureshchandra Chechani | ACS - 29283 | WIRC
23 | Mr. Deepak Kumar | ACS - 23673 | NIRC
24 | Ms. Anjali Rastogi | ACS - 29665 | NIRC
25 | Ms. Shikha Sukhija | ACS - 29491 | NIRC
26 | Ms. Vinodhini Kanagaraj | ACS - 24822 | SIRC
27 | Mr. Mrinal Shankar | ACS - 28898 | EIRC
28 | Ms. Manisha Arora | ACS - 13687 | NIRC
29 | Ms. Neeti Verma | ACS - 27121 | NIRC
30 | Ms. Richa Goyal | ACS - 24274 | NIRC
31 | Ms. Ritu Jayprakash Rathi | ACS - 23700 | WIRC
32 | Ms. Usha Mulchand Dudani | ACS - 21452 | WIRC
33 | Ms. Priyanka Singh | ACS - 30929 | NIRC
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35 | Ms. Sneha Pratik Paranjape | ACS - 29061 | WIRC
36 | Ms. Neha Gupta | ACS - 25906 | NIRC
37 | Ms. Sujana S | ACS - 21138 | SIRC
38 | Mr. Puneet Manawat | ACS - 30797 | WIRC
39 | Sh. Subramanian K.N. | ACS - 15218 | SIRC
40 | Mr. Gaurav Jeswani | ACS - 30914 | EIRC
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44 | Mr. Deepak Malik | ACS - 30998 | NIRC
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53 | Sh. Kishor Kumar S | ACS - 26686 | SIRC
54 | Sh. S B Muralidharan | ACS - 7991 | SIRC
55 | Sh. Hemant Kumar Thanvi | ACS - 12639 | WIRC
56 | Ms. Devika Sathyanarayana | ACS - 16617 | SIRC
57 | Sh. S V Ramaswamy | ACS - 1183 | SIRC
58 | Sh. M S Reddy | ACS - 1264 | SIRC
59 | Sh. Satish Menon | ACS - 4401 | SIRC
60 | Sh. Pradeep Goel | ACS - 12505 | SIRC
61 | Ms. Geetu Sachdeva | ACS - 14714 | NIRC
62 | Ms. Shilpi Agarwal | ACS - 18860 | NIRC
63 | Ms. Renuka Garg | ACS - 4865 | NIRC
64 | Sh. Rajendra Jain | ACS - 9576 | SIRC
65 | Sh. Deepak Kumar | ACS - 23673 | NIRC
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69 | Mr. Mrinal Shankar | ACS - 28898 | EIRC
70 | Ms. Manisha Arora | ACS - 13687 | NIRC
71 | Ms. Neeti Verma | ACS - 27121 | NIRC
72 | Ms. Richa Goyal | ACS - 24274 | NIRC
73 | Ms. Ritu Jayprakash Rathi | ACS - 23700 | WIRC
74 | Ms. Usha Mulchand Dudani | ACS - 21452 | WIRC
75 | Ms. Priyanka Singh | ACS - 30929 | NIRC
76 | Sh. Syed Shahabuddin | ACS - 4121 | SIRC
77 | Ms. Sneha Pratik Paranjape | ACS - 29061 | WIRC
78 | Ms. Neha Gupta | ACS - 25906 | NIRC
79 | Ms. Sujana S | ACS - 21138 | SIRC
80 | Mr. Puneet Manawat | ACS - 30797 | WIRC
81 | Sh. Subramanian K.N. | ACS - 15218 | SIRC
82 | Mr. Gaurav Jeswani | ACS - 30914 | EIRC
83 | Ms. Deepika Karnani | ACS - 30100 | NIRC
84 | Ms. Megha Gandhi | ACS - 30798 | NIRC
85 | Ms. Garima Chawla | ACS - 25239 | NIRC
86 | Ms. Tanvi Gupta | ACS - 30914 | NIRC
87 | Mr. Anirudh Chandak | ACS - 30804 | EIRC
88 | Mr. Amit Dev | ACS - 27640 | SIRC
89 | Sh. S R Balasubramanian | ACS - 4032 | SIRC
90 | Ms. Lalita Agarwal | ACS - 30148 | EIRC
91 | Ms. Foram Bharat Goradia | ACS - 28536 | WIRC
92 | Sh. Ramesh Chandra Gupta | ACS - 542 | NIRC
93 | Mr. Amit Kumar Jain | ACS - 30075 | EIRC
94 | Mr. Deepak Malik | ACS - 30996 | NIRC
95 | Ms. Kirshma Ramesh Pandey | ACS - 30936 | WIRC
96 | Sh. Vijay Kumar Somani | ACS - 9618 | NIRC
97 | Ms. Anju Matuknath Mishra | ACS - 30559 | WIRC
98 | Mr. Anand Prakash Soni | ACS - 30940 | NIRC
99 | Mr. Ashutosh Govind Khermani | ACS - 27828 | WIRC
100 | Mr. Jaspinder Singh | ACS - 30991 | NIRC
101 | Sh. Akshit Gupta | ACS - 22963 | NIRC
102 | Mr. Suvin Govind Saraf | ACS - 29981 | WIRC
103 | Mr. Anand Suresh Bhai Lavingia | ACS - 26458 | WIRC
104 | Ms. Yashashree Dohri | ACS - 26830 | WIRC
105 | Sh. Rushabh Narendra Dohri | ACS - 24406 | WIRC
106 | Ms. Anchit Pandey | ACS - 29642 | WIRC

* During the month of October, 2012
### LICENTIATE ICSI

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>License Type</th>
<th>Region</th>
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<tr>
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<td>1</td>
<td>Sh. Amit Dahiya</td>
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<td>2</td>
<td>Sh. Kamlesh Lalaram Prajapat</td>
<td>ACS - 26303</td>
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<td>3</td>
<td>Sh. Gaurav Kanhayal</td>
<td>ACS - 12341</td>
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<td>4</td>
<td>Sh. Ritika Samdani</td>
<td>ACS - 23890</td>
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<td>5</td>
<td>Sh. Amit Girishkumar Gor</td>
<td>ACS - 29985</td>
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<td>6</td>
<td>Ms. Anita Gopalakrishnan</td>
<td>ACS - 28448</td>
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<td>Sh. D Krishna Rao</td>
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<td>8</td>
<td>Ms. Priyanka Sharma</td>
<td>ACS - 25211</td>
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<tr>
<td>9</td>
<td>Sh. Pramod Kumar Sabot</td>
<td>ACS - 22537</td>
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<tr>
<td>10</td>
<td>Mr. Ananda Krishna Deshulkarni</td>
<td>ACS - 31056</td>
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<tr>
<td>11</td>
<td>Ms. Manisha Singhal</td>
<td>ACS - 30527</td>
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<tr>
<td>12</td>
<td>Sh. Anil Kumar</td>
<td>ACS - 22900</td>
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<td>13</td>
<td>Mrs. Sunny Arun Warghade</td>
<td>ACS - 30072</td>
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<td>14</td>
<td>Ms. Priyanka Tarun Agraval</td>
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<td>15</td>
<td>Sh. Ravi</td>
<td>ACS - 31070</td>
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<td>16</td>
<td>Mrs. Amisha Dharam Popat</td>
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<td>17</td>
<td>Ms. Supriya Satchidanand Mahajan</td>
<td>ACS - 28036</td>
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<td>18</td>
<td>Ms. Nisha Choudhury</td>
<td>ACS - 28874</td>
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<td>19</td>
<td>Sh. R G Nanasekaran FCS</td>
<td>ACS - 6500</td>
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<td>20</td>
<td>Mrs. Aditi Nitin Singh</td>
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<td>21</td>
<td>Sh. Deepak Jain</td>
<td>ACS - 24308</td>
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<td>22</td>
<td>Mrs. Satish Sharma</td>
<td>ACS - 28706</td>
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<td>23</td>
<td>Ms. Pooja Bansal</td>
<td>ACS - 23944</td>
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<td>24</td>
<td>Ms. Pranav Asnikar</td>
<td>ACS - 21665</td>
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<tr>
<td>25</td>
<td>Ms. Kavita Vikram Surana</td>
<td>ACS - 30630</td>
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<tr>
<td>26</td>
<td>Mrs. Neelaaveni Babu Prakash</td>
<td>ACS - 25329</td>
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<tr>
<td>27</td>
<td>Sh. A X N Prabhu</td>
<td>ACS - 3902</td>
<td>11440</td>
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### CANCELLED*

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>License Type</th>
<th>Region</th>
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<tr>
<td>1</td>
<td>Ms. Priyanka Deswal</td>
<td>ACS - 25858</td>
<td>10046</td>
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<tr>
<td>2</td>
<td>Mrs. Pooja Bhartia</td>
<td>ACS - 13873</td>
<td>3393</td>
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<td>3</td>
<td>Ms. Radha Vijayaraghavan</td>
<td>ACS - 2880</td>
<td>9945</td>
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<td>4</td>
<td>Mrs. Jyoti Nagar</td>
<td>ACS - 23430</td>
<td>10367</td>
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<td>5</td>
<td>Ms. Mansi Bhati</td>
<td>ACS - 30699</td>
<td>11211</td>
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<td>6</td>
<td>Sh. Agnelo Anthony Fernandes</td>
<td>ACS - 30029</td>
<td>11073</td>
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<td>7</td>
<td>Sh. Gaurav Girish</td>
<td>ACS - 29336</td>
<td>10808</td>
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<td>8</td>
<td>Sh. Ankit Bhatia</td>
<td>ACS - 28529</td>
<td>10492</td>
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<td>9</td>
<td>Ms. Vaishali Parab</td>
<td>ACS - 24522</td>
<td>9073</td>
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<tr>
<td>10</td>
<td>Sh. N V Thangiamani</td>
<td>ACS - 2859</td>
<td>11148</td>
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<tr>
<td>11</td>
<td>Ms. Neha Anchalialia</td>
<td>ACS - 28504</td>
<td>10325</td>
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<tr>
<td>12</td>
<td>Ms. Nehal Ninad Bhatt</td>
<td>ACS - 28233</td>
<td>10139</td>
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<td>13</td>
<td>Mrs. Ekta Karwa</td>
<td>ACS - 24718</td>
<td>9068</td>
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<td>14</td>
<td>Ms. Seema Srivastava</td>
<td>ACS - 22260</td>
<td>9853</td>
</tr>
<tr>
<td>15</td>
<td>Sh. Bhavesh Ghagha</td>
<td>ACS - 23471</td>
<td>10147</td>
</tr>
</tbody>
</table>

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* During the month of October, 2012

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* During the period 1.10.2012 to 31.10.2012
ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEES FOR 2012-13

The names of members who could not remit their annual membership fee for the year 2012-13 by the last extended date i.e. 31st August, 2012 stand removed from the Register of Members w.e.f. 1st September, 2012. They may pay the fee and get their names restored by making an application in Form ‘BB’ with the entrance fee (Associate members Rs. 1500/- & Fellow members Rs. 1000/- respectively) along with restoration fee of Rs. 250/-. Form-BB is available on the website of the Institute.

The Certificate of Practice of the members who could not remit their annual Certificate of Practice fee for the year 2012-13 by the specified date i.e. on or before 30th September, 2012 stand cancelled w.e.f. 1st October, 2012. They may restore their Certificate of Practice by making an application in Form ‘D’ with the restoration fee of Rs. 250/-. Form-D is available on the website of the Institute and also published elsewhere in this issue.

The annual membership and certificate of practice fee payable is as follows:-
1] Annual Associate Membership fee Rs. 1125/-
2] Annual Fellow Membership fee Rs. 1500/-
3] Annual Certificate of Practice fee Rs. 1000/-(*)

* The certificate of practice fee must be accompanied by a declaration in form 'D' duly completed in all respects and signed. The requisite form 'D' is available on the website of Institute www.icsi.edu and also published elsewhere in this issue.

MODE OF REMITTANCE OF FEE

The fee can be remitted by way of:
(i) On-Line (through payment Gateway of the Institute’s web-site www.icsi.in).
(ii) Credit card at the Institute’s Headquarter at Lodi Road, New Delhi or Regional Offices located at Kolkata, New Delhi, Chennai and Mumbai.
(iii) Cash/ local cheque drawn in favour of ‘The Institute of Company Secretaries of India’, payable at New Delhi at the Institute’s Headquarter or Regional/ Chapter Offices located at Kolkata, New Delhi, Chennai, Mumbai and Chandigarh, Jaipur, Bangalore, Hyderabad, Ahmedabad, Pune respectively. Out Station cheques will not be accepted. However, at par cheques will be accepted.
(iv) Demand draft / Pay order drawn in favour of ‘The Institute of Company Secretaries of India’, payable at New Delhi (indicating on the reverse name and membership number).

For queries, if any, the members may please contact the Membership Section on telephone Nos.011-45341047 or Mobile No.9868128682 / through e-mail ids: annualfee@icsi.edu, member@icsi.edu
APPLICATION FOR THE ISSUE/RENEWAL/RESTORATION* OF CERTIFICATE OF PRACTICE
See Reg. 10, 13 & 14

To
The Secretary to the Council of
The Institute of Company Secretaries of India
'ICSI HOUSE', 22, Institutional Area,
Lodi Road, New Delhi - 110 003

Sir,

I furnish below my particulars ..................................................................................................................................................

(i) Membership Number FCS/ACS: ..................................................................................................................................

(ii) Name in full: ..................................................................................................................................................................

(in block letters) ..................................................Surname ...................................... Name ..................................

(iii) Date of Birth: ................................................................................................................................................................

(iv) Professional Address: ..................................................................................................................................................

..................................................................................................................................................

(v) Phone Nos. (Resi.) .................................................................. (Off.) ..........................................................................

(vi) Mobile No ................................................................................. Email id ..................................................................

(vii Additions to or change in qualifications, if any: ......................................................................... ..................................

1. Submitted for (tick whichever is applicable):

(a) Issue .......................................... (b) Renewal .......................................... (c) Restoration .........................................

2. (a) Particulars of Certificate of Practice issued / surrendered/Cancelled earlier

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Certificate of Practice No.</th>
<th>Date of issue of CP</th>
<th>Date of surrender / Cancellation of CP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. i. I state that I am/shall be engaged in the profession of Company Secretary only on whole-time basis and not in any other
profession, business, occupation or employment. I am not enrolled as an Advocate on the rolls of any Bar Council and
do not hold certificate of practice from any professional body including ICAI and the ICWAI.

ii. I state that as and when I cease to be in practice, I shall duly inform the Council and shall surrender forthwith the
certificate of practice as required by the Company Secretaries Act, 1980, and the regulations made thereunder, as
amended from time to time.

iii. I hereby undertake that, I shall adhere to the mandatory ceiling of not more than eighty companies in aggregate in a
calendar year in terms of the Guidelines for Issuing Compliance Certificate and Signing of Annual Return issued
by the Institute on 27th November, 2007.

iv. I state that I have issued / did not issue ................... advertisements during the year 20 ..... -....... in accordance with the
Guidelines for Advertisement by Company Secretary in Practice issued by the Institute*.

v. I state that I issued ...... ....... ....... Corporate Governance compliance certificates under Clause 49 of the listing
agreement during the year 20 ..... -......* 

vi. I state that I have / have not undertaken ...... ....... ...... Audits under Section 55A of the Securities and Exchange Board of
India (Depositories and Participants) Regulations, 1996 during the year 20  -  *

vii. I state that I have / have not maintained a register of attestation/certification services rendered by me/my firm in
accordance with the Guidelines for Requirement of Maintenance of a Register of Attestation/Certification
Services Rendered by Practising Company Secretary/Firm of Practising Company Secretaries issued by the Institute. *

4. I send herewith Bank draft drawn on ... ... ... ... ... ... Bank ... ... ... ... ... Branch bearing No ... ... ... ... ... for Rs ... ... ... ... ... towards annual certificate of practice fee for the year ending 31st March ... ... ... ........

5. I further declare that the particulars furnished above are true and correct.

Yours faithfully,

(Signature) Place:

Encl. Date:

* Applicable in case of renewal or restoration of Certificate of Practice
APPLICATION FOR RESTORATION OF MEMBERSHIP

To,
The Secretary to the Council of
The Institute of Company Secretaries of India
'ICSI' House, 22, Institutional Area
Lodi Road, New Delhi-110003

Sir,

I hereby apply for restoration of my name in the Register as an Associate/Fellow Member of the Institute of Company Secretaries Of India in accordance with the provisions contained in the Company Secretaries Act, 1980 and Regulations made thereunder and declare that I am eligible for the membership of the Institute and am not subject to any disabilities stated in the act or the Regulations of the Institute. The required particulars are furnished below:

1. Name in full: ...........................................................................................................................................................................
   (In Block Letters) Surname M. Name F. Name

2. Address
   (i) Professional
      Designation ...........................................................................................................................................................................
      Name of Company ............................................................................................................................................................
      Address ................................................................................................................................................................................

      Pin Code: ...........................................................................
      Telephone No. ................................................................ Fax ...........................................................................................
      E -mail ............................................................................................................................................................................

   (ii) Residential

      ...............................................................................................................................................................................................

      Pin Code: ...........................................................................
      Contd.
      Telephone No. ................................................................ Fax ...........................................................................................

3. Date of admission as Associate / Fellow Member of the Institute .................................................................

4. Membership Number ....................................................................................................................................................

5. I hereby undertake that if re-admitted as an Associate/Fellow Member of the Institute, I will be bounded by the Company Secretaries Act, 1980 and Regulations made thereunder, as amended from time to time

6. I also undertake that such instances will not recur and I will make the payment of annual fee in future within the stipulated time (i.e. on or before 30th June of each year)

7. I send herewith a sum of Rs............................ being the arrears of Annual Membership fee of Rs. .............. for the years
   ......................... to ......................... and restoration fee of Rs.250/- alongwith entrance fee (Rs. 1500/- for Associates &
   Rs. 1000/- for fellows)

8. I solemnly declare that what I have stated above is true and correct.

Place: Yours faithfully

Date: Signature
List of Companies Registered for Imparting Training During the Month of October 2012

<table>
<thead>
<tr>
<th>Region</th>
<th>Training Period</th>
<th>Stipend (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eastern</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gillanders Arbuthnot &amp; Co. Ltd.</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td>C-4, Gillander House</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td>Netaji Subhash Road</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td>Kolkata - 700001</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td><a href="mailto:gillander@gillandersarbuthnot.com">gillander@gillandersarbuthnot.com</a></td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td>Shree Automotive Pvt. Ltd</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td>'Shantiniketan' Suite No. 8</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td>10th Floor 8, Camac Street</td>
<td>15 Months Training</td>
<td>3500/-</td>
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<tr>
<td>Kolkata - 700017</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td>Bilati (Orissa) Limited</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td>12, Lee Road</td>
<td>15 Months Training</td>
<td>3500/-</td>
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<tr>
<td>Kolkata - 700020</td>
<td>15 Months Training</td>
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<tr>
<td><a href="mailto:trfigroup@gmail.com">trfigroup@gmail.com</a></td>
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<td>3500/-</td>
</tr>
<tr>
<td>Shree Tulsi Online.Com Ltd.</td>
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</tr>
<tr>
<td>4, N.S. Road, Training</td>
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<td>3500/-</td>
</tr>
<tr>
<td>1st Floor, Kolkata - 700001</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
<tr>
<td><a href="mailto:investors@shreetulsionline.com">investors@shreetulsionline.com</a></td>
<td>15 Months Training</td>
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<tr>
<td>Karuna Impex Enterprises Ltd.</td>
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<td>142 A, Balmir Dey Street</td>
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<tr>
<td>Ground Floor</td>
<td>15 Months Training</td>
<td>3500/-</td>
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<tr>
<td>Kolkata - 700006</td>
<td>15 Months Training</td>
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</tr>
<tr>
<td>Saumya Mining Ltd.</td>
<td>15 Months Training</td>
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<td>'Hari Kripa' Cb-25</td>
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<tr>
<td>Sector -1, Salt Lake City</td>
<td>15 Months Training</td>
<td>3500/-</td>
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<tr>
<td>Kolkata - 700006</td>
<td>15 Months Training</td>
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<td><a href="mailto:smpl@saumyamining.com">smpl@saumyamining.com</a></td>
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<tr>
<td>Quest Financial Services Ltd.</td>
<td>15 Months Training</td>
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<td>&quot;Centre Point&quot; 21</td>
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<tr>
<td>Hernat Basu Sarani</td>
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<tr>
<td>Room No.230, 2nd Floor</td>
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<td>3500/-</td>
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<tr>
<td>Kolkata - 700001</td>
<td>15 Months Training</td>
<td>3500/-</td>
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<tr>
<td>M/S Cement Manufacturing Company Ltd.</td>
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<tr>
<td>Meghalaya</td>
<td>15 Months Training</td>
<td>3500/-</td>
</tr>
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</table>

**Basukinath Food Processors Ltd.**
P S Pace 1/1A Block 14th Floor
Mahendra Rao Lane (Tops Road)
Kolkata - 700046
tannmpycs@live.com

**Minolta Finance Ltd.**
37 A & B, Stephen House 4
B B D Bag (East)
Kolkata - 700001
minoltafinance@gmail.com

**Spectrum Stock Services Pvt. Ltd.**
1 British India Street,
4th Floor , Room No. 405,
Kolkata - 700089

**Kailash Pati Cement Pvt. Ltd.**
Sharma Hardware Stores
Barpeta Road, Assam - 781315
atishagarwalwcs@gmail.com

**Window Glass Ltd.**
E 2/3, Gillander House,
8 Netaji Subhas Road
Kolkata - 700001
wg@vsnl.com

**Eastern Financiers Ltd.**
'Lord's' Suite No. 102 & 104
7/1 Lord Sinha Road,
Kolkata - 700071
share lg@easternfin.com

**Braithwaite & Co. Limited**
(A Government Of India Undertaking)
Ministry of Railways
5, Hide Road, Kolkata - 700043

**GPT Healthcare Private Ltd.**
JC -25, Sector- III,
Salt Lake,
Kolkata - 700098

**Northern**

**Anamika Sugar Mills Pvt. Ltd.**
Flat No.32-33, 3rd Floor,
"Satkar" Building, 79-80
New Delhi - 110019

**KMG Milk Food Ltd.**
9th Km, Stone
Pipli To Ambala Road
G.T. Road, Village-Masana
Distt. Kurukshetra
Haryana - 132118
info@kmggroup.com

**Pankaj Piyush Trade & Investment Ltd.**
D-16, 1st Floor,
Prashant Vihar,
New Delhi - 110085
info@pptinvvestment.com
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Training Duration</th>
<th>Fees</th>
<th>Additional Information</th>
</tr>
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<tbody>
<tr>
<td>TPS Infrastructure Ltd.</td>
<td>15 Months</td>
<td>3500/-</td>
<td>Training</td>
</tr>
<tr>
<td>Shree Nath Jee Bakers Pvt. Ltd.</td>
<td>15 Months</td>
<td>3500/-</td>
<td>Training</td>
</tr>
<tr>
<td>Cogent E-Services Pvt. Ltd.</td>
<td>15 Months</td>
<td>4000/-</td>
<td>Training</td>
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<td>Kalprksha Builders &amp; Developers (P) Ltd.</td>
<td>15 Months</td>
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<td>Oxigen Services (India) Pvt. Ltd.</td>
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<td>Vimal Plast (India) Pvt. Ltd.</td>
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<td>Dilwara Leasing And Investment Ltd.</td>
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<td>CMA CGM Logistics Park</td>
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News from the Institute

Allsec Technologies Ltd.
46-B, Velachery Main Road,
Velachery
Chennai - 600042
mohan.kumar@allsectech.com

15 Months & 3 Months Practical Training
3500/-

Karnataka Handloom Development Corporation Ltd.
Venkatadri Heights,
Kiresur Complex
Unkal Cross, Vidya Nagar,
Hubli - 580031
khdc@vsnl.net

15 Months Training
3500/-

Granules India Ltd.
IInd Floor, 3rd Block,
My Home Hub, Madhapur
Hyderabad - 500081
mail@granulesindia.com

3 Months Practical Training
3500/-

Neerajaksha Iron & Steel Pvt. Ltd.
F. No. 108, 1st Floor
Sovereign Shelter,
Near Ganga Jamuna Hotel
Lakdikapul, Hyderabad - 500004
cstaranath@gmail.com

15 Months Training
3500/-

Neesa Leisure Limited
Plot No. X- 22, 23 & 24, G.I.D.C.
Electronic Estate, Sector - 25,
Gandhinagar,
Gujarat - 382044
info@neesaleisure.com

15 Months Training
3500/-

Thirdware Solution Ltd.
168, Sdf Vi , A Wing,
Seepz, Andheri (E)
Mumbai - 400096

15 Months & 3 Months Practical Training
3500/-

Pradip Enterprises Ltd.
A- 603, Namratan Complex,
Ahmedabad - 380009
(Gujarat) India
pradipenterprise@gmail.com

15 Months Training
3500/-

Indian Tourism Infrastructure Ltd.
54, Hughes Road, Mani Bhuvan,
Ground Floor, Opp. Dharam Palace
Mumbai - 400007
info@itil.co.in

Indian Rare Earths Ltd.
Plot No. 1207, Veer Savarkar Marg,
Near Siddhi Vinayak Temple,
Prabhadevi, Mumbai - 400028

15 Months Training
3500/-

Morganite Crucible (India) Ltd.
B -11 M.I.D.C.,
Waluj, Aurangabad - 431136

15 Months Training
3500/-

Great Galleon Ltd.
160, Kanchan Bagh,
15 months Training
3500/-

Sarthi Capital Advisors Pvt. Ltd.
159/11, Amar Brass Compound,
Vidya Nagari Marg, Kalina,
Santacruz (E)
Mumbai - 400098

15 Months Training
3500/-

CIL Nova Petrochemicals Ltd.
Moraia Village,
Sarkhej- Bavla Highway,
Ahmedabad- 382210

15 Months & 3 Months Practical Training
5000/-

Man Trucks India Pvt. Ltd.
501-502, Kapil Zenith,
Survey No. 55, Hissa No. 1
Behind Maratha Mandir,
Bavdhan Khurd,
Pune - 411021

15 Months Training
3500/-

Shri Bajrang Power And Ispat Ltd.
Vill. Borjhara,
Urla Industrial Area,
Raipur - 493221
sbpl@goelmit.com

15 Months Training
3500/-

Western
Sumeet Industries Ltd.
504, Trividh Chamber,
5th Floor, Opp. Fire Brigade Station,
Ring Road, Surat - 395002
sumeetindia@yahoo.com

15 Months & 3 Months Practical Training
3500/-

Goa Shipyard Ltd.
Ship Builders, Ship
Repairers & Engineers,
A Govt.of India Undertaking,
Ministry of Defence,
Vasco Da-Gama,
Goa - 403802
contactus@goashipyard.com

15 Months Training
3500/-

The Surat District
Co-Operative Bank Ltd.
"Shri Pramodbhai Desai
Sahakar Sadan"
J.P. Road Nr. R.T.O., Surat - 395001
Ccontact@sudoicbank.com

15 Months Training
3500/-

Honeycomb Logistics Pvt. Ltd.
Mulji House, 41-45,
Devji Ratansey Marg,
Danabunder, Mumbai - 400009
mumbai@honeycombs.com

15 Months & 3 Months Practical Training
3500/-

Ameya Logistics Pvt. Ltd.
Village Dhassakoshi, Taluka Uran,
Post Khopoli,
Raigad, Maharashtra - 410212
rns.austinalta@ameyalogistics.com

15 Months & 3 Months Practical Training
3500/-
List of Practising Members Registered for the Purpose of Imparting Training During the Month of October, 2012

Master Fluid Solutions (India) Pvt. Ltd.
S.No. 7, Unit No. 507, 5th Floor
Rainbow Plaza, Vill. Rahhati,
Pimple Saudagar,
Pune - 411017

Heatshrink Technologies Ltd.
(Formerly Repl Engineering Limited)
Plot No. 112, 13th Road
Madc Andheri (East)
Mumbai - 400093
htl@vsnl.net

Gujarat State Electricity Corporation Ltd.
Vidyut Bhavan,
Race Course
Vadodara - 390007
cs.gsecl@gebmail.com

CS SAURABH PODDAR
Company Secretary in Practice
# 612, 6th Floor, Block - A,
Raghava Ratna Tower,Abids
Hyderabad - 500001

CS NEELAKSHEE R. MARATHE
Company Secretary in Practice
B/605, Arunasmru Chs,
Shrkrithna Nagar, Post Office Lane,
Borivali (East), Mumbai - 400066

CS SANDEEP KUMAR SIVALINGAM
Company Secretary in Practice
18/21 (16),2nd Floor,
Stadium Byepass Junction,
Palakkad - 678001

CS SHEETAL SINGH
Company Secretary in Practice
6/19,2nd Floor, Single Storey,
Ramesh Nagar
New Delhi - 110015

CS SHIV KUMAR GUPTA
Company Secretary in Practice
412,4th Floor, R.D. Chamber,
16/11, Arya Saramj Rd, Karol Bagh,
New Delhi - 110005

CS SONU NEHRA
Company Secretary in Practice
Office No.1, li Nd Floor,34,
Navyug Market,
Ghaziabad (U.P.) - 201001

CS SUDESH KUMAR BALECHA
Company Secretary in Practice
302, A.J. Chamber, Street No. 4,
Najwala, Karol Bagh,
New Delhi - 110005

CS Gaurav Kumar Sharma
Company Secretary in Practice
Flat No.310, Gaur Ganga Apartment
Sec - 4, Vaishali, Ghaziabad - 201010

CS Megha Arora
Company Secretary in Practice
1/9033 West Rohtas Nagar
Street No. 1 Shahdara
Delhi - 110032

CS Rekha Grover
Company Secretary in Practice
C - 8/62a, Lawrence Road
Delhi - 110035

CS Kiran Dhal
Company Secretary in Practice
C - 172 (G.F.) South City - II
Gurgaon

CS Richa Agarwal
Company Secretary in Practice
Space Town Housing Complex
Bc - 9, Flat - 3b, Raghunathpur,
Kolkata - 52

CS KanChan Jayal
Company Secretary in Practice
24, N.S. Road, 4th Floor,
R.No. - 33, Kolkata - 700001

CS Saurabh Poddar
PCSA-3155

CS Neelakshee R. Marathe
PCSA-3156

CS Sandeep Kumar Sivalingam
PCSA-3157

CS Sheetal Singh
PCSA-3158

CS Shiv Kumar Gupta
PCSA-3159

CS Sonu Nehra
PCSA-3160

CS Sudeesh Kumar Balecha
PCSA-3161

CS Gaurav Kumar Sharma
PCSA-3149

CS Megha Arora
PCSA-3150

CS Rekha Grover
PCSA-3151

CS Kiran Dhal
PCSA-3152

CS Richa Agarwal
PCSA-3153

CS KanChan Jayal
PCSA-3154

CS Saurabh Poddar

CS Neelakshee R. Marathe

CS Sandeep Kumar Sivalingam

CS Sheetal Singh

CS Shiv Kumar Gupta

CS Sonu Nehra

CS Sudeesh Kumar Balecha

CS Gaurav Kumar Sharma

CS Megha Arora

CS Rekha Grover

CS Kiran Dhal

CS Richa Agarwal

CS KanChan Jayal
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<tr>
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<th>Company Secretary in Practice</th>
<th>Address</th>
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<tbody>
<tr>
<td>CS KHUSHBU SINGHAL</td>
<td>Vijay Handloom Fabrics</td>
<td>Murad Nagar, Ghaziabad -201 206</td>
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<tr>
<td>CS PAYAL KATARIA</td>
<td>Company Secretary in Practice</td>
<td>722, G-3, Sector-5, Vaishali, Ghaziabad -201 010</td>
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<tr>
<td>CS NEHA MITTAL</td>
<td>Company Secretary in Practice</td>
<td>Dimapur Road, Jagatpur, Raigarh -496 001</td>
</tr>
<tr>
<td>CS AKSHAY AUTI</td>
<td>Company Secretary in Practice</td>
<td>V-002, Wonder Futura, In Front of Wonder Funky Mall, Mumbai-Bangalore Highway, Pune -411 038</td>
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<tr>
<td>CS DIBYA SINGHA MISHRA</td>
<td>Company Secretary in Practice</td>
<td>Plot No -N4/323, Irc Village, Bhubaneswar -751 015</td>
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<tr>
<td>CS ADITYA SANJAY KELKAR</td>
<td>Company Secretary in Practice</td>
<td>&quot;Vihanga Apartments&quot;, Sonumai Joshi Path, Erandwane, Pune - 411004</td>
</tr>
<tr>
<td>CS PARAMESHWAR G. BHAT</td>
<td>Company Secretary in Practice</td>
<td># 4996/4,2nd Floor,10th Cross, Near Bhashyam Circle, Sadashivanagar, Bangalore - 560080</td>
</tr>
<tr>
<td>CS SACHIN DEDHIA</td>
<td>Company Secretary in Practice</td>
<td>104, Sushila Apts., Devidas Lane,Borivali(West), Mumbai - 400103</td>
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<tr>
<td>CS SHILPI BHARDWAJ</td>
<td>Company Secretary in Practice</td>
<td>H.No.3051, Galti Dil Sukh Rai Khazanchi, Charkhe Wallan, Delhi - 110006</td>
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<tr>
<td>CS ROMA KEJRIWAL</td>
<td>Company Secretary in Practice</td>
<td>G -24/2 Karunamoyee, Salt Lake Sector 11, Kolkata - 700091</td>
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<tr>
<td>CS DEBASHIS MUKHOPADHYAY</td>
<td>Company Secretary in Practice</td>
<td>401/1c, Netaji Subhash Chand Bose Road, Kolkata - 700004</td>
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<tr>
<td>CS JHARNA C.KAPADIA</td>
<td>Company Secretary in Practice</td>
<td>B/904, Prakrit Tower, Nr. Parimal Underbridge, Ahmedabad - 380001</td>
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<tr>
<td>CS TANVEER KOUR TUTEJA</td>
<td>Company Secretary in Practice</td>
<td>Jain Tuteja&amp;Associates, Opp.Bank Of Baroda, Itwari Bazar,Nayagaraj, Raigarh - 496001</td>
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<tr>
<td>CS AMIT KUMAR PERIWAL</td>
<td>Company Secretary in Practice</td>
<td>House No. 43, Krp Road, 2nd Floor, Bharalumukh, Guwahati, Assam - 781009</td>
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<tr>
<td>CS RITU GULATI</td>
<td>Company Secretary in Practice</td>
<td># 708, Sector - 10, Panchkula</td>
</tr>
<tr>
<td>CS MAYANK DUBEY</td>
<td>Company Secretary in Practice</td>
<td>B-303, Plot No. 31, Sector - 6, Dwarka, New Delhi - 110075</td>
</tr>
<tr>
<td>CS D.M. VYAS</td>
<td>Company Secretary in Practice</td>
<td>406- Hern Arcade, Dr.Yagnik, Opp. Vivekananda Statue, Rajkot</td>
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<tr>
<td>CS SESHADRI LAKSHMINARAYAN</td>
<td>Company Secretary in Practice</td>
<td>174, Jawahar Nagar, Goregaon (West) Mumbai - 400 062</td>
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<tr>
<td>CS LOKESH GOHIL</td>
<td>Company Secretary in Practice</td>
<td>At- Mall Para, Bara Bazaar, Po.Khetrajur, Sambalpur - 768003</td>
</tr>
<tr>
<td>CS NEERUPAMA KABRA</td>
<td>Company Secretary in Practice</td>
<td>Raj Kumar Maheshwari, Opp. Prem Tea Warehouse, Munsha Singh Compound,2.5 Mile, Check Post, Sevoke Road, Siliguri - 734008</td>
</tr>
<tr>
<td>CS SOURABH SINGHAL</td>
<td>Company Secretary in Practice</td>
<td>H-31, Radhey Puri, Krishna Nagar, Delhi - 110051</td>
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<tr>
<td>CS SOURAV M.</td>
<td>Company Secretary in Practice</td>
<td>No. 201, Shah Sultan, 17, Cunningham Road, Bangalore - 560052</td>
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<tr>
<td>CS VARALDEEPAK BHAI RANPURA</td>
<td>Company Secretary in Practice</td>
<td>306, Sarthik Complex, Nr. Fun Republic, Iscon Cross Road, Ahmedabad - 390015</td>
</tr>
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India SME Asset Reconstruction Co Ltd. (ISARC) is a Securitisation and Asset Reconstruction Company registered with Reserve Bank of India under Section 3 of the SARFAESI Act that strives for speedier resolution of NPAs in the MSME sector. ISARC has been promoted by SIDBI along with SIDBI Venture Capital Ltd., Bank of Baroda and United Bank of India as other sponsors and 10 other public sector banks, LIC of India and 4 State level Institutions as shareholders. ISARC is looking for a Company Secretary who should be a member of Institute of Company Secretaries of India, with experience of not less than 4 years post qualification with specific experience in all matters pertaining to Company Law, Secretarial functions, Legal, Finance, Accounts, Income Tax, Sales Tax & Insurance etc. & Age not exceeding 35 years as on November 1, 2012.

The eligible candidates shall apply in the prescribed form by downloading the same from our website www.isarc.in. Application in sealed cover super scribed "Application for the post of Company Secretary" may be submitted to the address mentioned above on or before December 31, 2012.
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LIST OF MEMBERS WHOSE NAMES STAND REMOVED FROM THE REGISTER OF MEMBERS W.E.F. 1ST SEPTEMBER, 2012

101 ACS - 4294 SH. J R SARMA WIRC 162 ACS - 6841 SH. X K MARKER WIRC
102 ACS - 4399 SH. SHIV KUMAR GOEL NIRC 163 ACS - 6902 SH. SARAN KUMAR NIRC
103 ACS - 4422 SH. PANKAJ MAGANLAL WIRC 164 ACS - 6940 SH. HARISH CHANDER DHAMIJA NIRC
104 ACS - 4500 SH. K SESHADRI SIRC 165 ACS - 7016 SH. PRADIP MANOHAR WIRC
105 ACS - 4545 SH. M M TAMBE WIRC 166 ACS - 7041 GAITONDE WIRC
106 ACS - 4607 SH. MAHESH KUMAR MUNDHRA EIRC 167 ACS - 7043 SH. L K DANGI WIRC
107 ACS - 4628 SH. PAWAN KUMAR NIRC 168 ACS - 7055 SH. PRAMOD KUMAR SANGHAI EIRC
108 ACS - 4669 SH. HARI KISHAN NAWAL EIRC 169 ACS - 7077 SH. ASHOK K KUMAT WIRC
109 ACS - 4746 SH. AMARJIT SINGH LALL NIRC 170 ACS - 7115 SH. SANJAY CHOUDHARY SIRC
110 ACS - 4750 SH. A RAMARAO SIRC 171 ACS - 7142 SH. SANJAY KUMAR GARG NIRC
111 ACS - 4834 SH. R K BISANI SIRC 172 ACS - 7145 SH. S V RAJA VAIDYANATHAN SIRC
112 ACS - 4846 SH. S P K GAUTAM WIRC 173 ACS - 7261 SH. SANKER PARAMESWARAN WIRC
113 ACS - 4850 SH. B HARIHARAN NIRC 174 ACS - 7266 SH. SUNIL TODI WIRC
114 ACS - 4864 SH. N K TANEJA NIRC 175 ACS - 7298 SH. VJAY INDUKUMAR JOSHI WIRC
115 ACS - 4875 SH. V K GOENKA EIRC 176 ACS - 7303 MS. P KARPAGAM SIRC
116 ACS - 4917 SH. G SRINIVASAN SIRC 177 ACS - 7490 SH. B VENKATESH SIRC
117 ACS - 4951 SH. S VENKATESHWARAN WIRC 178 ACS - 7583 SH. M MOHAN RAO NIRC
118 ACS - 4967 SH. A R SHARMA NIRC 179 ACS - 7853 SH. NARENDRA KUMAR SARAF WIRC
119 ACS - 4972 SH. T S RAJAGOPALAN SIRC 180 ACS - 7913 SH. ASHOK KUMAR GANGWAL NIRC
120 ACS - 5010 SH. M SATYANARAYANA SIRC 181 ACS - 7934 SH. P SIVA PRASAD RAO SIRC
121 ACS - 5037 SH. RAVINDRA R DHAD WIRC 182 ACS - 8056 SH. MAHENDRA KUMAR PADIA WIRC
122 ACS - 5129 SH. RAJEV KUMAR GUPTA NIRC 183 ACS - 8071 SH. FARROKH NARIMAN WIRC
123 ACS - 5156 SH. KONAKALLA KRISHNA KISHORE NIRC 184 ACS - 8212 MS. VATSALATA M. MOULEE SIRC
124 ACS - 5201 SH. V SUBRAMANIAN WIRC 185 ACS - 8213 SH. SEWA RAM TOTLA WIRC
125 ACS - 5217 SH. LOKESH KALRA NIRC 186 ACS - 8340 SH. NAGARAJ SWAMIRAO BILGI WIRC
126 ACS - 5282 SH. A V VENKATAKRISHNAN NIRC 187 ACS - 8360 SH. N P GOPALAKRISHNAN WIRC
127 ACS - 5325 SH. DEOKINANDAN DEORA WIRC 188 ACS - 8404 SH. DINESH KUMAR SHARDA EIRC
128 ACS - 5330 SH. VIJAY PRAKASH GUPTA SIRC 189 ACS - 8509 SH. P M VASUDEV SIRC
129 ACS - 5365 SH. PERIASAMY BOOPALAN SIRC 190 ACS - 8522 2386 SH. UMESH CHANDER SHARMA NIRC
130 ACS - 5415 SH. N S BALIGA WIRC 191 ACS - 8595 SH. BHASKAR CHANDRAN WIRC
131 ACS - 5417 SH. N KANNAN SIRC 192 ACS - 8665 SH. SUBHASH BHANDARI NIRC
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133 ACS - 5510 SH. J SOMESWARA RAO SIRC 194 ACS - 8686 SH. BHARAT RAGHUNATH YADAV WIRC
134 ACS - 5542 SH. RAKESH GARG WIRC 195 ACS - 8838 SH. A S RAVI SIRC
135 ACS - 5544 DR. SARANGDHAR DUBEY WIRC 196 ACS - 8876 SH. K V PRABHU SIRC
136 ACS - 5563 SH. SRIDHAR RENGAN WIRC 197 ACS - 8904 SH. S SIVAKUMAR SIRC
137 ACS - 5564 SH. G RANGANATHAN SIRC 198 ACS - 9002 SH. N RANGANATHAN SIRC
138 ACS - 5584 SH. K K SINGLA NIRC 199 ACS - 9019 SH. N R SRINIVASAN SIRC
139 ACS - 5593 SH. PRADEEPKUMAR I JAIN WIRC 200 ACS - 9074 SH. K P VASANTHAKUMAR SIRC
140 ACS - 5624 SH. S R PARVATE WIRC 201 ACS - 9075 SH. S K BAID WIRC
141 ACS - 5671 MS. K VAIDEHI WIRC 202 ACS - 9134 SH. N VIJAYANATHAN WIRC
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144 ACS - 5739 SH. R K MEHTA NIRC 205 ACS - 9165 SH. M A VENKATESHAN SIRC
145 ACS - 5793 SH. DILIP KUMAR MAHANSARIA SIRC 206 ACS - 9192 10049 MS. T S JAGADHARINI WIRC
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147 ACS - 5836 SH. R RAJARAM SIRC 208 ACS - 9212 SH. S M SURAISTRI WIRC
148 ACS - 5891 SH. S RAJARAM SIRC 209 ACS - 9268 SH. S S DIEVADIVA WIRC
149 ACS - 5958 SH. MILAN P SHAH WIRC 210 ACS - 9295 SH. S SUBRAMANIAM SIRC
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152 ACS - 6160 SH. M S UMESH NIRC 213 ACS - 9527 SH. AMARJEET SINGH BAGGA WIRC
153 ACS - 6180 SH. SURENDRA LUNIA SIRC 214 ACS - 9558 SH. K HARI WIRC
154 ACS - 6198 SH. A T MAJUMDAR WIRC 215 ACS - 9563 MS. SAMEENA KOHLI NIRC
155 ACS - 6350 SH. DEVENDRA MANCHANDA NIRC 216 ACS - 9598 SH. DINESH JOSEPH CASTELLINO WIRC
156 ACS - 6385 SH. K K RATHI WIRC 217 ACS - 9594 SH. SHYAM SUNDER CHAUDHARY WIRC
157 ACS - 6484 SH. PRABHAKAR BHAT WIRC 218 ACS - 9603 SH. PRAMOD KUMAR GUPTA NIRC
158 ACS - 6508 SH. S MAHADEVAN SIRC 219 ACS - 9662 SH. GAURANG J CHINOY WIRC
159 ACS - 6518 SH. ANIL KUMAR DUGGAL NIRC 220 ACS - 9728 SH. MANISH SINGH MAHARAJ WIRC
160 ACS - 6784 9597 SH. ARUP KUMAR ROY EIRC 221 ACS - 9828 MS. URVASHI SHARMA WIRC
161 ACS - 6805 SH. PARVEEN KUMAR MEHTA NIRC
### List of Members whose Names Stand Removed from the Register of Members W.E.F. 1st September, 2012

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LIST OF MEMBERS WHOSE NAMES STAND REMOVED FROM THE REGISTER OF MEMBERS W.E.F. 1ST SEPTEMBER, 2012

576 ACS - 19301 SH. ASHWINI KHANDLIKAR SIRC
577 ACS - 19314 SH. VIPUL KUMAR PARAKH WIRC
578 ACS - 19322 MS. RUCHA TANDON NIRC
579 ACS - 19328 MS. KARUNA SHARMA NIRC
580 ACS - 19339 SH. SATHISH K WIRC
581 ACS - 19339 SH. ROHIT MANSUKHANI NIRC
582 ACS - 19398 SH. SHIV SHANKAR AGARWAL NIRC
583 ACS - 19444 SH. DEEPAK TYAGI NIRC
584 ACS - 19457 SH. PARAS VASANTLAL MEHTA WIRC
585 ACS - 19514 MS. Urvii Aashish Kadakia WIRC
586 ACS - 19522 MS. RUPALI KAPALI WIRC
587 ACS - 19530 SH. ANIL MAHENDRA RAJPUT WIRC
588 ACS - 19562 SH. R. RAVINDRAN WIRC
589 ACS - 19596 MS. SHIFRA GUPTA NIRC
590 ACS - 19601 SH. SAGAR SHRIKRISHNA KAHADE SIRC
591 ACS - 19607 SH. GAURAV AGARWAL NIRC
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593 ACS - 19660 SH. ARUN KUMAR JHAWAR WIRC
594 ACS - 19668 SH. SANJEEV KUMAR NIRC
595 ACS - 19675 SH. ASHISH LAKHOTIA NIRC
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597 ACS - 19707 SH. PINKESH KUMAR JAIN WIRC
598 ACS - 19712 SH. RADHAKRISHNAN R SIRC
599 ACS - 19727 SH. HIMANSHU AGGARWAL NIRC
600 ACS - 19739 SH. MINU KUMARI WIRC
601 ACS - 19752 SH. NANDINI PHOGAT WIRC
602 ACS - 19839 MS. AMRIT KAPIL SIRC
603 ACS - 19850 SH. CHANDRA KUMAR JAIN EIRC
604 ACS - 19875 SH. PARAS MITTAL NIRC
605 ACS - 19896 SH. SURIT MITRA WIRC
606 ACS - 19910 SH. VINAYAK NARAYAN BAPAT WIRC
607 ACS - 19934 SH. DINESH WIRC
608 ACS - 19950 MRS. RAKHI ARORA NIRC
609 ACS - 19973 SH. DEEPAK KUMAR JAIN B SIRC
610 ACS - 20001 MS PRIYANKA KUKRETI NIRC
611 ACS - 20043 SH. MILIND RAMESH GANDHI WIRC
612 ACS - 20068 SH. DILIP KABRA NIRC
613 ACS - 20080 SH. SATISH CHANDRA PANDEY NIRC
614 ACS - 20105 MS NEERA VERMA WIRC
615 ACS - 20182 MRS. RUCHIKA GUPTA NIRC
616 ACS - 20195 MS REKHA C V SIRC
617 ACS - 20221 SH. ANKUR MEHROTRA SIRC
618 ACS - 20238 MS SHRUTI AJMERIA WIRC
619 ACS - 20342 MS. HARPREET KAUR NIRC
620 ACS - 20371 MS CHINTA SAI VIDYA WIRC
621 ACS - 20384 MS. VYOMA VIJAY MANEK SIRC
622 ACS - 20398 SH. ALOK RUDRA SIRC
623 ACS - 20411 SH. MUKESH KUMAR WIRC
624 ACS - 20429 SH. LALIT KUMAR CHATURVEDI NIRC
625 ACS - 20431 SH. RASHMI GUPTA NIRC
626 ACS - 20445 MS PREDEEBHA R SIRC
627 ACS - 20483 9352 MR. JAYANT KUMAR DUBEY NIRC
628 ACS - 20505 SH. SHISHIR VERMA WIRC
629 ACS - 20510 MS ANUJA ATUL KUMAR SHAH WIRC
630 ACS - 20641 SH. HIMANSU SEKHAR SINGH EIRC
631 ACS - 20702 SH. ABDUL SAMI NIRC
632 ACS - 20739 10179 MS. PRATHIMA YEDDULA SIRC
633 ACS - 20771 MS. BHAGWATI PRADHAN SIRC
634 ACS - 20810 SH. B V S SUBRAHMANYAM GADE SIRC
635 ACS - 20856 MS. PRERNAA HALWASIYA WIRC
636 ACS - 20884 SH. M. L LUKOSE WIRC
637 ACS - 20894 MS. BEENA KUMARI NIRC
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639 ACS - 20952 SH. AMIT BANKA NIRC
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641 ACS - 20966 7740 MS. SHIVANI SHARMA SIRC
642 ACS - 20977 SH. VINAY JAYANT SAMPAT WIRC
643 ACS - 21012 SH. RAJENDER KUMAR NIRC
644 ACS - 21017 SH. HEMANT SULTANIA NIRC
645 ACS - 21070 MS. LATA KUMAR NIRC
646 ACS - 21181 SH. MANISH KUMAR AGARWAL WIRC
647 ACS - 21215 SH. D MURALI SIRC
648 ACS - 21222 MS. ANJU JALAN WIRC
649 ACS - 21299 SH. PRADYOTSEN K SHUKLA WIRC
650 ACS - 21342 SH. PANKAJ GARG SIRC
651 ACS - 21370 MS. VAISHALI DANERI NIRC
652 ACS - 21386 9558 MS. SAVITA RANI NIRC
653 ACS - 21390 3190 MRS. DIMPY GULATI NIRC
654 ACS - 21397 SH CHANDAN NARANG NIRC
655 ACS - 21418 MRS. KETKI NAMENDRA BELHE WIRC
656 ACS - 21422 MS. NIPA HAMUKH SAVLA WIRC
657 ACS - 21500 MS. ANU AGGARWAL NIRC
658 ACS - 21519 9504 MRS. KAIRAVI NEIL BILGI WIRC
659 ACS - 21538 MS. ASMITA ANANTSEN UPADHYE WIRC
660 ACS - 21556 MS. NIKETA SINGH WIRC
661 ACS - 21622 MRS. RASHMI GUPTA EIRC
662 ACS - 21648 MS. LAKSHMI KRISHNAMURTHY SIRC
663 ACS - 21649 MR. RAJJ RAMULI PEMBERTI WIRC
664 ACS - 21706 MRS. URVASHI KAMANI EIRC
665 ACS - 21713 9064 MRS. KIRTI BALAKRISHAN SIRC
666 ACS - 21733 MS. ANITA JHAWAR EIRC
667 ACS - 21734 SH. PRANAV MAHAJAN NIRC
668 ACS - 21738 MS. CHINU GUPTA NIRC
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675 ACS - 21960 MR. SHAISHAV UDANI WIRC
676 ACS - 21989 SH. AMIT SHEKHAR NIRC
677 ACS - 22017 SH. LAKSHMANAN T.T. SIRC
678 ACS - 22124 MS. DIVYA BAGRECHA WIRC
679 ACS - 22137 MR. S S THANU SIRC
680 ACS - 22167 MS. KIRPALI ANIL JAVALE WIRC
681 ACS - 22236 8280 MS. NEHA BERLIA EIRC
682 ACS - 22244 MS. A NIROOPA RANI NIRC
683 ACS - 22373 MR. UMA SHANKAR N SIRC
684 ACS - 22456 8096 MRS. JAYSHRI TULSHAN EIRC
685 ACS - 22586 MS. BHARTI KUKREJA NIRC
686 ACS - 22640 MS. SAKSHI GULATI NIRC
687 ACS - 22671 MS. TEJOMURTULA RAMOJI SIRC
688 ACS - 22676 8379 MS. RUCHI KHANDELWAL WIRC
689 ACS - 22716 MS. SUPRIYA THAKUR NIRC
690 ACS - 22725 SH. GURPREET SINGH NIRC
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692 ACS - 22784 MS. KUSUM GUPTA EIRC
693 ACS - 22792 10063 MRS. SHANNU CHATURVEDI WIRC
694 ACS - 22904 MRS. ANJU CHAUDHARY NIRC
695 ACS - 22970 MS SHWETA AGRAWAL NIRC
696 ACS - 23000 SH. VIPIN AGRAWAL NIRC
697 ACS - 23001 MS. VIDHI MANGLIK NIRC
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817 ACS - 27046 9680 MS. DEEPSHIKA SHARMA SIRC
818 ACS - 27051 MS. VERSHA SAROCHA NIRC
819 ACS - 27240 SH. MANOJ KUMAR GUPTA NIRC
820 ACS - 27262 MS. METAL BHARAT SHETH WIRC
821 ACS - 27271 SH. ALOK DHARMRAJ MISHRA WIRC
822 ACS - 27278 MS. CHARU BHANDARI NIRC
823 ACS - 27288 MS. GAAYATHRI C V SIRC
824 ACS - 27295 MS. DEEPA SHRIVASTAVA WIRC
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826 ACS - 27331 MS. AKANSHA BHARGAVA NIRC
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828 ACS - 27357 9804 MR. AMIR FAROOQ KHAN EIRC
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841 ACS - 27751 MR. UMESH CHAND GUPTA WIRC
842 ACS - 27797 MR. V RADHAKRISHNAN SIRC
843 ACS - 27889 MS. GAURI SHASHIKANT TARE WIRC
844 ACS - 27912 MS. SHASHI BALA WIRC
845 ACS - 27937 MR. VINOD GULABGIR GOSWAMI SIRC
846 ACS - 27945 10536 MS. TANJU MEHTA NIRC
847 ACS - 27966 MS. MINAKSHI SHARMA NIRC
848 ACS - 27976 MR. SUNIL KUMAR NIRC
849 ACS - 28009 MR. SANTOSH KUMAR EIRC
850 ACS - 28089 MS. MANGALA SACHIN SAVLA WIRC
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852 ACS - 28115 SH. RAKESH NIHALANI WIRC
853 ACS - 28139 MR. AMIT PAESEP WIRC
854 ACS - 28178 10048 MS. SURUCHI KOLHAKAR WIRC
855 ACS - 28190 SH. NIKHIL SEHGLAL NIRC
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857 ACS - 28327 MS. POONAM ARUKIA EIRC
858 ACS - 28377 MR. ATUL SUDHAKAR JEWALIKAR WIRC
859 ACS - 28381 MR. ZIA AHSAN ANSARI WIRC
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888 ACS - 28914 MS. SHANOO SINGH NIRC
889 ACS - 29154 MS. NEHA SINGH NIRC
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891 ACS - 29202 MS. MEGHA KOAPOR EIRC
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894 ACS - 29238 MR. AJAY KUMAR SHUKLA EIRC
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896 ACS - 29256 MS. AMITA CHANDRAKANT WIRC
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912 ACS - 29754 MS. KANTA KIRORIWAL NIRC
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Enhancement of the Prize Amount

Prize Query Scheme

MEMBERS will be glad to know that the prize money for replies to prize queries published in Chartered Secretary has now been enhanced to Rs. 1000 in cash for each of the two best answers for the prize query published from July 2012 issue and onwards. The names of the winners and their replies will also be published in the journal. The decision of the Board will be final and binding on the members and no query will be entertained once a decision is finalized about the prize winners. Further the Board has all the inherent powers to cancel any particular month’s prize query scheme if sufficient number of responses are not received to make it a healthy competition.
Saikat Sen, Director, Sri Arobindo Foundation for Integral Management, Sri Arobindo Society, Pondicherry who in his address said that organization is a sum total of people, resources, etc. He said that organization should give more importance to people and pointed out that good governance requires good leaders. The speaker on the topic "Ethics in Business - Role of Professionals" was CS Vinod Kothari, Practising Company Secretary, Vinod Kothari & Co, who spoke on India's ranking in transparency and governance by International agencies. He said that maintaining transparency in business is important and fraud is another problem faced by companies which needs to be looked into. He added that to practice Ethical behavior and conduct is an important trait to be displayed by professionals which is an important part of business. The next speaker on "Vision 2020" was CS Nesar Ahmad where he was pleased to inform that the Institute has recently formulated new Vision and Mission which strongly desires Company Secretaries to lead Corporate India as Governance professionals. He then spoke on the importance of the Vision 2020 document and how it's going to improve and develop the profession, the Institute and all stakeholders.

On the second day of the Conference, "Search & Seizure under Income Tax" was the topic addressed by CA (Dr.) Girish Ahuja, Professor, Shri Ram College of Commerce Education. CS Ranjeet Kanodia in his address said that as Company Secretaries we should be well conversant with other areas than corporate laws like income tax, service tax etc. Ahuja in his address spoke on the definition of search and seizure, the methods involved, the process followed by the Income tax Department. He explained in easy and lucid manner the various terms involved, the procedure etc. The session was informative and interactive.

The topic of the second session was "Role of Company Secretaries in HR" addressed by CS Atul H. Mehta, Council Member, the ICSI. CS Ranjeet Kanodia in his address said that as Company Secretaries we should be well conversant with other areas than corporate laws like income tax, service tax etc. Ahuja in his address spoke on the definition of search and seizure, the methods involved, the process followed by the Income tax Department. He explained in easy and lucid manner the various terms involved, the procedure etc. The session was informative and interactive.

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The topic of the second session was "Service Tax". CS Anjan Kr Roy, PCS and Past Chairman, ICSI EIRC was the chairman of the session. The speaker on "Shaping Values in Business" was
session where he said that compliance forms the core of ethics and thereafter spoke on the evolution of service tax from its inception in the Finance Act, 1995. CA Rohit Surana, Practising Chartered Accountant, in his deliberation spoke on the aspect of reverse charge and said that corporates today are also very ignorant about these charges. He then explained the reverse charge mechanism and how it worked upon. CA Narayan Agarwal, Practising Chartered Accountant in his deliberation highlighted the basic framework of new service tax regime and also threw light on the negative list concept and some practical aspects of provision related to place of provision rule, etc.

At the Valedictory Session, CS Ashok Pareek threw light on corporate scandals like Satyam which have brought ethical behavior into the forefront. He said that expectations from corporate professionals have risen and ethical behavior should be practiced both in letter and spirit. In the Interaction session with Past President of the Institute, CS B.P. Dhanuka spoke on the journey of the Institute since its inception, the situation is much better today compared to years ago and a CS professional should be ready for challenges. CS S Gangopadhyay said that as a professional one should deserve before he desires and to be a successful professional one should have respect and devotion to the profession. Sudhir Prakash, Chief Guest of the session highlighted the meaning of service or "shramdaan" as emphasized by Gandhiji and said that to be successful one should not accept things as handed over but should use rational thinking. CS S. N. Ananthasubramanian, Vice-President, the ICSI, in his address said that the theme of the conference reflects the changing times. He said that expectations from CS has grown and are required by corporate to act as Compliance officers. Today he mentioned risk of reputation has grown due to media and other factors and following ethical behavior is the way. He said that values are eternal and for every vice committed a virtue is upheld by somebody.

A cultural programme was organized on the first day of the conference where performances were given by a professional dance troupe, well known singers and by members and students of ICSI which was very well appreciated by all present. On the second day a Lucky Draw was organized for members which was appreciated by all.

**Investor Awareness Programme**

On 26.10.2012 the ICSI-EIRC supported by Ministry of Corporate Affairs, Government of India organised an Investor Awareness Program at Rotary Sadan, Kolkata. The speakers were CS S.M.Gupta, Past Chairman, ICSI EIRC and CS Santosh Jain.

CS Ranjeet Kanodia, Chairman, ICSI EIRC in his welcome address said that these type of programmes are being held by the ICSI and Ministry of Corporate Affairs to educate and inform the general public and to create awareness among the investors regarding the capital market and in particular the working of the stock exchanges. He said that the main aim of this programme is to make the general public aware about instruments of Investment, information on Sensex and other Indices and trading in various financial and market instruments.

CS S.M.Gupta and CS Santosh Jain in their deliberations gave an insight on the individual investments starting from the importance of personal investments to various avenues of investments, its types, the pros and cons. They spoke on the role of SEBI, equity market, mutual funds, debentures, bonds, etc. and added that the general public before investing should keep themselves aware of the market, read documents like the prospectus of the company in which they are investing and make a good choice of a broker or a market intermediary.

Again on 13.10.2012 another investor awareness programme was held at Williamson Magor Hall of The Bengal Chamber of Commerce & Industry, Kolkata in the evening.

The speaker on the occasion was CS K. Ananda Rao, Official Liquidator, High Court.

CS Ranjeet Kr Kanodia, Chairman, ICSI EIRC in his address said that the ICSI has been actively supporting the investor awareness initiatives taken by Ministry of Corporate Affairs by organizing Investor Awareness Programmes in various parts of our nation. He also spoke on the investment avenues available for the general public.

CS K. Ananda Rao said that the general public before investing should keep themselves aware of the investment choices and said that these type of programmes are essential for the general public so that they can make better investment plans, etc. The speaker spoke on the importance of personal investments to various avenues of investments, its types, the pros and cons. He spoke on the role of SEBI, equity market, mutual funds, debentures, bonds, etc., each of which were viewed on the slides projected on the screen. The session was interactive. The Programme was attended by people from different walks of life comprising members and students of the Institute.

**Half Day Workshop on Taxation of Private Trust & Charitable Trust**

On 13.10.012 the ICSI EIRC organized a half day Workshop on Taxation of Private Trust & Charitable Trust at The Bengal Chamber of Commerce & Industry. The guest speaker was CS P.K. Agarwal, Practising Chartered Accountant.

CS Arun Khandelia, Vice Chairman, ICSI EIRC while introducing the theme of the workshop said that in India, Private and Charitable Trusts are managing property, educational assets, royalties etc. and the taxation aspects of these bodies is an interesting topic and hoped that everybody would gain from it.
CS Ranjeet Kr. Kanodia, Chairman, ICSI-EIRC, addressing the gathering, pointed out that a Private trust is created for management of property during the lifetime of settler and after the death of trust creator, for the benefit of old parents and minor children of settler and for the distributing property amongst successor.

CS P.K. Agarwal, Guest Speaker explained the meaning of private trust, taxation aspects of private trust and said that a trust is said to be an instrument of safeguarding the interests of beneficiaries especially when the beneficiaries are minor and not capable of protecting their interest. So a trust is a transfer of property of a person to another with the intention that it is administered for the benefit of the owner and/or other. He also discussed the detailed provisions regarding charitable trust and replied the queries raised by the participants and highlighted that the income tax act grant exemption to the income from property held under trust or any other legal obligation for religious or charitable purposes, subject to fulfillment of certain condition laid down under the Income tax Act. The object is to encourage philanthropy in reliving distress and in helping to meet in economic, social, cultural and religious need of the society.

ICSI Convocation

On 9.11.2012 the First Convocation of The ICSI was held at The Spring Club, Kolkata. The Chief Guest on the occasion was Dr Samir Kumar Bandyopadhyay, Vice- Chancellor, West Bengal University of Technology. CS N.K.Jain, Secretary & CEO, the ICSI declared the convocation open. CS Ashok Pareek, in his welcome address said that education has created unprecedented opportunities. He said that enterprise and energy are driving our economy and as professionals we should be ready to face the challenges because the world is in our hands. He said learning is a continuous process and to be a successful professional one needs to update himself with the goings on in the professional world. CS Nesar Ahmad, President, the ICSI in his address to the new members present said that this convocation is a major milestone in their career. The membership of the Institute is a coveted one as the profession has come a long way since its inception. He then thanked everybody for their contribution for making the Convocation a success and wished the new members good luck for the start of their professional career. The Convocation ended with the rendition of the National Anthem.

CS N.K. Jain then administered the oath to the new members and Dr. Samir Kumar Bandyopadhyay conferred the membership certificates to the new members. CS (Dr.) Navrang Saini presented the awards and certificates to the meritorious students of the CS examinations.

CS N.K. Jain in his concluding speech spoke about the milestones of the Institute in the past years like the first ICSI convention, the first programme conducted by the Institute and said that on this very day another milestone in the Institute's history has been created, the very first convocation. He said that we are in a very interesting phase where the perception of businesses towards CS is changing. He said that today the profession has come a long way since its inception. He then thanked everybody for their contribution for making the Convocation a success and wished the new members good luck for the start of their professional career. The Convocation ended with the rendition of the National Anthem.

BHUBANESWAR CHAPTER

Investor Awareness Programme

On 19.10.2012, Bhubaneswar Chapter of EIRC of the ICSI organized an Investor Awareness Programme at Bhubaneswar and on 5.11.2012 another programmes was organized at Bhadrak, Odisha. Again on 11.11.2012 two more programmes were conducted at Khurda & Puri, Odisha. The programmes were organised under the aegis of IEPF, MCA, Govt. of India. The Registrar of Companies, MCA, Odisha and the Regional Director (E), MCA co-ordinated the above programmes.

Investors/general public, school/college teachers, housewives, advocates, members of the Institute and students attended these programmes. To make aware about the benefit and objective of these programmes amongst the people, print & electronic media at Bhadrak, Bhubaneswar, Khurda & Puri were invited for coverage of the programme. Reports of the programmes were published in regional newspapers and also telecast in local TV channels. A.K. Pani, IAS, District Collector, Bhadrak addressed the programme at Bhadrak on 5.11.2012

S.K. Panigrahi, Jt. Commissioner, Department of Transport, Odisha was the Chief Guest at Bhubaneswar on 19.10.2012. Dr. S.K. Mishra, Professor & Head, Koustuv Business School, Bhubaneswar was also one of the speakers at Bhubaneswar. Members of the Rotary Club of Bhadrak, CS J.B. Das, Chairman, CS A. Acharya, Vice Chairman, CS D. Mohapatra, Secretary, CS P. Nayak, Treasurer of the Chapter, other Members of the Managing Committee, CS D.S. Mishra, Practising Company Secretary, CS Amar Nayak and Prashant Sahoo, Qualified Company Secretary and U.C. Mishra, Office-
in-Charge of the Chapter contributed a lot for success of the above programmes.

**Image Building**

On 5.11.2012, Bhubaneswar Chapter arranged a meeting with Akshaya Kumar Pani, IAS, District Collector, Bhadrak, Odisha. CS J.B. Das, Chairman of the Chapter met the district collector and apprised him about the ICSI and career prospects of a Company Secretary both in practice as well in employment. The collector was also apprised about the course content and the present students strength of the Chapter. An ICSI kit was presented to the collector by the Chairman to know more about the Institute. The Collector was assured to provide all possible support to the Institute.

**Evening Talk**

On 17.11.2012, Bhubaneswar Chapter organized an evening talk on ‘Competition Commission of India’. G.R. Bhatia, Former Additional Director General, Competition Commission of India was the Chief Guest of the programme who addressed on ‘Modernized competition regime in India’ and “Understanding and complying Indian Competition Act, 2002’ through power point presentation. At the end of the programme there was a question hour session wherein members and students of the Chapter raised several queries on the topic which were ably replied by G.R.Bhatia. There was good feedback of the programme and the participants desired that more such programmes be held again like a half day programme. CS J.B. Das, Chapter Chairman presided over the programme.

**Career Awareness Programme**

Bhubaneswar Chapter organized Twelve Career awareness programmes at the following Schools/Colleges of Barghar & Bhadrak district of Odisha as per the details given below: On 12.11.2012 at Barpali College, Satalama College, and Gadman College, Dist.: Barghar. On 20.11.2012 at Saraladevi Mahavidyalaya, Sahid Smruti Jr. College, Radhakanta Behera Junior College, and at Salandi Junior College, Dist Barghar. On 21.11.2012 at Charampa College, Charampa, Akhandalamani College and IGM College of Science & Technology, Bhadrak. On 22.11.2012 at Salandi Degree College and Bhadrak Autonomous College, Bhadrak. While H.K. Swain, Principal Salandi Degree & Junior College, Prof. G.S. Ray, Principal, Bhadrak Autonomous College, N.C. Mishra, Principal, Sarala Mahavidyalaya, U.K. Mallick, Sahid Smruti Jr. Mahavidyalaya, R.N. Pati, Principal, Radhakanta Behera Junior College, Hari Hara Rout, Principal, Akhandalamani College, R.K. Naik, Principal, IGM college of Science & Technology and Prof. R.C. Parida, Principal, Charampa College actively participated and addressed the students at their respective institutions, CS Subrat Pradhan, Company Secretary, CS S.N. Mallick, Practising Company Secretary and CS Amar Kumar Nayak, Company Secretary addressed and explained about the role and career of a company secretary and its bright future. They also elaborated the course contents, examination pattern, fee structure, coaching, library and other training facilities of the ICSI. Further HODs & other lecturers of the college also attended the programmes. CS brochures, posters were distributed amongst the students. Teacher’s kits were also presented to the colleges. U.C. Mishra, Office-in-charge of the Chapter also provided administrative and logistic support for success of the above programmes.

**Faculty Meeting-cum-Interactive session**

On 20 and 21.11.2012 the Bhubaneswar Chapter organized 9 interactive session-cum-faculty meeting of the Schools/Colleges of Sonepur and Bolangir Districts of Odisha. The meetings were organized at (1) Jawahar College (2) Patnagarh Mahila Mahavidyalaya (3) Loisingha Junior College (4) Loisingha Degree College (5) Dungunpalli College (6) Sonepur College (7) Sonepur Women’s College (8) Tarava AES College and (9) Rotta College. Principals and HOD of various departments of the Institutions actively participated in such meeting. The purpose of the meeting was to make them aware about the career prospects of a Company Secretary and opportunities available to the profession. It was assured that they will organize Career Awareness Programmes shortly in their respective colleges for betterment of their students. Leaflets, poster and brochures were distributed at the meeting. CS Sushil Kumar Hota, ICSI Counsellor and Practising Company Secretary, Bolangir attended the meetings at all the above Institutions on behalf of the Chapter. Bhubaneswar Chapter co-ordinated and provided all support to such activities.

**HOOGLY CHAPTER**

**Investor Awareness Programme**

On 7.10.2012 the Hooghly Chapter of EIRC of the ICSI in collaboration with Ministry of Corporate Affairs, Govt. of India organized an Investor Awareness Programme at Howrah. CS Santosh Jain and CS Ashok Purohit deliberated on Demat Account and issue of IPO in stock market in detail with the delegates. CS Gautam Dugar stressed on taking the informed decisions while making investments in stock market.

Again on 4.11.2012 another Investor Awareness Programme was held at Chapter Office, Risha. CS Gautam Dugar, Chapter Chairman discussed opening of DEMAT account. CS Rakesh Ghorawat, Chapter Vice Chairman discussed the rights of investors.

**Half Day Workshop**

On 4.11.2012 the Hooghly Chapter of EIRC of the ICSI organized a Half Day Workshop on Service Tax and TDS (Tax Deducted at Source) at Hooghly Chapter Conference Hall, Risha. In the First Session, CA Vikash Dhanania, Service Tax
Consultant said that Service Tax is administered by the Central Excise & Service tax Commissionerates and the Service Tax Commissionerates working under the Central Board of Excise & Customs, Department of Revenue, Ministry of Finance, Government of India. LTUs are also collecting Service Tax in respect of the Large Tax Paying units registered with them. He further said that the unique feature of Service Tax is reliance on collection of tax, primarily through voluntary compliance. In the Second Session, CS Arun Singhania, FCS and Company Secretary, M/s Orient Beverages Limited deliberated on TDS i.e. Tax Deducted at Source. He said that provisions of Income Tax relating to Tax Deduction at Source from salaries are of immense importance in the context of present scenario when TDS collections account for almost 30% of total collection of Direct Taxes.

CS Manisha Saraf, Secretary, Hooghly Chapter coordinated the programme. Around seventy delegates were present at the programme.

**East Zone Study Circle Meeting on Service Tax**

On 20.10.2012 at the East Zone Study Circle Meeting on Service Tax Yogesh Gupta of KPMG was the speaker.

**Meeting of Company Secretaries in Practice on Secretarial Audit**

On 22.10.2012 at a Meeting of Company Secretaries in Practice on Secretarial Audit CS (Dr.) S Chandrasekharan was the speaker.

**Study Circle Meeting on Labour Law Compliance Management**

On 26.10.2012 at the Study Circle Meeting on Labour Law Compliance Management CS Sameet Gambhir was the speaker.

**Corporate Governance A Long Term Consciousness Perspective & Revised Schedule VI and XBRL**

On 17.10.2012 at a programme organized by the Regional Council on Corporate Governance A Long Term Consciousness Perspective & Revised Schedule VI and XBRL Dr. M Veerappa Molly (Union Minister for Corporate Affairs & Power) was the Chief Guest. The programme was presided over by Dr. K Rahman Khan (Former Dy. Chairman Rajya Sabha); Guests of Honour CS Nesar Ahmad, President, the ICSI and Pradeep Narang, Chairman, Sri Aurobindo Society & SAFIM). M M Chitale, Member, SAFIM Advisory Board, Chairman NACAS & Past President, ICAI; Satya Poddar of Earnest & Young; T N Manoharan, Past President, ICAI, CS N K Jain, Secretary & CEO, ICSI, Prithvi Haldea, CMD, Prime Database, Sandip Khetan, Director, KPMG, Dr. Sanjeev Singhai, Vice-President - Finance, Jubilant Life Sciences Limited and Kamal Garg, Kamal Garg & Associates were the speakers.

**West Zone Study Circle Meeting on External Commercial Borrowings**

On 27.10.2012 at the West Zone Study Circle Meeting on External Commercial Borrowings Manish Tyagi of Deloitte Touche Tohmatsu India Pvt. Ltd. was the speaker.

**North Zone Study Group Meeting on Nitty-Gritty of Joint Venture & Collaboration Agreement**

On 28.10.2012 at the North Zone Study Group Meeting on Nitty-Gritty of Joint Venture & Collaboration Agreement CS Atul Mittal was the speaker.

**Valedictory Function of 168th Management Skills Orientation Programme**

On 27.10.2012 at the Valedictory Function of 168th Management Skills Orientation Programme the Chief Guest was Deepak Dhanak, Vice President & Global Head, Tax, EXL Service Pvt. Ltd.

**CHANDIGARH CHAPTER**

**29th Management Skills Orientation Programme (MSOP)**

On 14.10.2012 the valedictory function of the 29th Management Skills Orientation Programme (MSOP) organised by the chapter was held at Chandigarh. Samir Kumar, IAS, Secretary Home, Government of Punjab was the Chief Guest on the occasion. Dr. N.K.Sahni, Co-ordinator of the MSOP informed that during the 15 days training programme, the students are groomed in various practical areas of the profession enhancing their knowledge and are also advised on developing their future
career. CS Mukesh Sharma, Chapter Chairman elaborated the importance of the training and explained that MSOP is the last programme in the transition stage of becoming a professional and now the students are open to the wide areas of practice or employment.

Samir Kumar, IAS, Chief Guest, congratulated the participants for passing their examinations and said that hard work is the key for success and further advised them to remain honest to the work and the profession. He also distributed the training completion certificates to all the eligible candidates and wished them for their bright career. The valedictory function was also attended by a large number of Faculty Members. Yogesh Sharma was adjudged as the best participant of the MSOP. The programme was conducted by CS G.S.Sarin, Chapter Secretary who also offered best wishes to the participants.

**Investor Awareness Programme on New Trends and Products in Capital Market**

On 10.10.2012 the Chandigarh Chapter of NIRC of The ICSI organized Investor Awareness Programme on New Trends And Products In Capital Market at Chandigarh. Mukesh Sharma, Chapter Chairman introduced the topic. Chief Guest on the occasion was Dr. Raj Singh, RoC, Punjab, Himachal Pradesh and Chandigarh and the key speaker was G.S.Chawla, Director, Master Trust Limited. Mukesh Sharma while introducing the topic informed that these Investor Awareness Programmes being initiated by Ministry of Corporate Affairs are for the benefit Investors and the Public at large to know various investment opportunities and risk in the stock market.

The Chief Guest, Dr. Raj Singh highlighted that most of the Programmes are being organized by the ICSI and that the Ministry of Corporate Affairs has set up the Investor Education and Protection fund established under the Companies 1956 for promotion of investors awareness and protection of interest of the investors. He also said that the Ministry also provides an efficient and protective grievance redressal framework to address and resolve the grievances of investors. Dr.Raj Singh also discussed the importance of educating investors who at times lack guidance as how to invest.

G.S.Chawla, highlighted what should be the investment objectives? He gave certain tips to the investors before making investments in various schemes. He narrated the efforts taken by the Securities and Exchange Board of India (SEBI), the regulator of securities market creating awareness amongst investors about the market and the market sentiments. He listed out various types of instruments existing in securities market and how one has to be careful while taking decision. This Investor Awareness Programme was attended by a large number of investors, Company Secretaries.

**Career Awareness Programmes**

On 12.10.2012 the Chandigarh Chapter of NIRC of The ICSI organized a Career Career Awareness programme at SD Public School, Sector-32C, Chandigarh for the students of +2(plus two) of commerce stream. Prof. Ajay Sharma, Co-opted Member of the Chapter along with Dr.N.K.Sahni, Programme Co-ordinator of MSOP/EDP/SIP of the Chapter highlighted the future prospects of the profession. During their address the students were informed about the mode of registration in the course, fee structure, eligibility criteria for admission and the employment avenues of the profession. The brochures, pamphlets explaining Company Secretaries Course were also distributed to the students. More than 200 students along with the staff of the School participated in the programme. The questions raised by the students were replied by Prof. Ajay Sharma. Dr.N.K.Sahni and staff of the Chapter. The response of the students to look for this profession was quite positive.

**GURGAON CHAPTER**

**Valedictory Session of 9th Management Skills Orientation Programme [MSOP]**

On 26.10.2012 the Gurgaon Chapter organized valedictory session of 9th MSOP. CS Punit Handa, Chairman, Gurgaon Chapter in his address said that CS is an indispensable part of modern corporate environment whose value is increasing day by day. He congratulated them for successfully completing 15 days of training. CS Rajiv Bajaj, Chairman NIRC and Director & CFO, Panasonic AVC who was the Chief Guest on the occasion spoke on Vision, mission, goals, code of conduct for professionals of ICSI and congratulated the Chapter for bringing up high calibre professionals into the corporate world. He also requested the CS professionals to contribute actively for CSBF. He said that a CS should act as a change agent in corporate and should have a clear focus on his career to achieve great heights.

CS Dhananjay Shukla who was Guest of Honor congratulated the professionals on completion of the training and requested them to keep up the value of CS profession. He spoke about the MSOP as a part of decision making, skill development in the course and requested professionals to serve with quality. The dignitaries present also distributed the MSOP certificates to the participants and the Best Participant category award given to Amit Kumar, Abhijeet Nagee and Geetika Mehta, Best speaker award given to Abhishek Srivastava and Shikha Maken. The award for Best Project Report was given to Consumer Protection and Best Presenter Group given to Working Capital Management.

**Investor Awareness Programme**

On 3.11.2012 an Investor Awareness Programme was organized by Gurgaon Chapter at the auditorium of Govt. Sr.
Sec. School, Distt. Jhajjar. The same was covered extensively in local newspapers like Dainik Bhaskar, Dainik Jagran, Punjab Kesari, Amar Ujala, Hari Bhumi etc. Rachna Gupta, Chief Judicial Magistrate, Jhajjar graced the occasion as Chief Guest. She apprised the ICSI for conducting such an informative programme for financial education of the general public. The programme was organized under the aegis of Investor Education and Protection Fund of Ministry of Corporate Affairs. Animesh Srivastava, Executive Officer, Gurgaon Chapter briefly informed the audience about functions of the Institute, CS course and other details. CS Sukesh Saini, Manager-Legal at Nutek Auto and resource person for the programme informed in detail the investors about savings and investment in the market. He also cautioned them about the shortcomings while making financial transactions in the markets and various related information. The investors asked various queries related to investments in markets which were replied satisfactorily. An informative material in Hindi language was also distributed to the investors. The programme was attended by a large number of general public, school staff and students of 12th standard.

**Deepawali Get Together**

On 18.11.2012 the Chapter in association with NIRF of the ICSI organized a family get together and 'Deepawali Sneh Milan' for ICSI members at Kingdom of Dreams, Gurgaon. The get together was filled with fun and joy. The members and their families watched the theatrical performance Zangoora Show and enjoyed food in the Cultural Gali. A large number of Members and their families participated in the get together.

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**BANGALORE CHAPTER**

**Bannerghatta Study Circle on Bettering the Best**

On 4.10.2012 the Bannerghatta Study Circle of Bangalore Chapter of SIRC of the ICSI organised a study circle meeting on "Bettering the Best" at GMR Group, IBC Knowledge Park, Bangalore. Arjun Raj Urs, Leadership Coach & People Architect, Bangalore was the speaker who in his presentation on concentrated on basic aspects of fine tuning the individual behaviour and developing as a professional. He also brought up various aspects of behavioural skills to upgrade oneself as a professional. The meeting was well attended by 44 members.

**Study Circle Meeting on Practical Issues Relating to Appointment, Reappointment and Change of Auditors under the Companies Act, 1956**

On 12.10.2012 the Bangalore Chapter of the ICSI organised a Study Circle Meeting on Practical issues relating to Appointment, Reappointment and Change of Auditors under the Companies Act, 1956 at the Chapter premises. CS S. Kailasam, Financial Controller & Company Secretary, Unisys India Pvt. Ltd., Bangalore was the Guest Speaker who in his presentation touched upon the critical issues relating to appointment, re-appointment of Auditors. He emphasised that changing the Auditor also poses several legal and procedural issues for a company and further dealt on the basic aspects like Who should appoint an Auditor, How long can an Auditor be the Statutory Auditor of the Company, requirement of peer review certification in case of a listed company. The meeting was well attended by around 33 members.

**Blood Donation Camp**

On 20.10.2012 for the first time in the history of the Bangalore Chapter a Blood Donation Camp in association with the Lions Club Bangalore was organised at the Institution of Agricultural Technologists, Bangalore. Around 24 Members and students...
donated blood on the occasion. A Certificate of Appreciation was issued to all the donors from Lions Club of Bangalore for being part of a noble cause of donating blood and saving lives.

**HYDERABAD CHAPTER**

**Interactive talk on Recent MCA Updates, Revised forms, Delegation of Powers to RD**

On 10.10.2012 the Chapter organized an Interactive talk jointly with Institute of Cost Accountants of India and Institute of Chartered Accountants of India at FAPCCI Premises. CS Shujath Bin Ali, Chairman of Hyderabad Chapter of the ICSI in his welcome address spoke on the Companies Bill, New form 23AC, 23 ACA and the amendments.

Mahesh Kuwadia, Regional Director, South East, Ministry of Corporate Affairs was the Chief Guest. He spoke on the MCA updates, revised forms, revised Schedule VI, accounting standards. He advised the stake holders to visit the MCA website regularly for the updates.

N. Krishnamoorthy, Registrar of Companies, Andhra Pradesh was the Guest of Honour. He delivered the speech on the latest MCA updates, transparency, competency, Good Governance, Professional ethics, etc.

CMA KK Rao, Chairman, Hyderabad Chapter of Cost Accountants in his address talked about cost audit, maintenance of cost audit and recent changes in Form 23 AC, etc.

CA Thirupatiah, Vice Chairman of Hyderabad Branch of Chartered Accountants also shared his knowledge on the very occasion. The active participation of the members made the evening lively.

**Health & Fitness Series**

On 20.10.2012 the Chapter organized Health & Fitness Series - Relevance and prevalence of Fitness - For today's professionals at the Chapter premises. CS Shujath Bain Ali, Chairman in his welcome address shared his views on the importance of health and fitness for professionals. CS KVS Subrahmany, Director, B5 Consulting Pvt. Ltd and Mohammed Azharuddin, Fitness Specialist, Team Principal, GETFIT Eco and Health Zone were the speakers for the very evening. CS KVS Subrahmany spoke on the Physical Activity required to be done for at least thrice a week and stressed on the lifestyle to be maintained so as to live with good health simultaneously with the uncertain and upcoming challenges faced by the professionals. He shared the secrets of losing weight, priority of GYM, dieting and intake of healthy food etc. He discussed his personal experience of maintaining physical appearance and his diet. Mohammed Azharuddin in his address shared his definition of health, the health triangle, the basis for a healthy lifestyle, What is Wellness, What is Fitness, Tools of Fitness, Need for Fitness, The Staircase to Lifetime Fitness, etc.

Members actively participated in the interactive session and got their doubts clarified from the speakers.

**Half-day Seminar**

On 31.10.2012 the Chapter organised a half-day Seminar on Foreign Direct Investment Policy in India: Changes & Current Trends at the Chapter premises. CS Shujath Bin Ali, Chapter Chairman in his welcome address spoke on the importance of FDI and its implications.

Vijay Gilda, Manager, KPMG spoke on FEMA, Statutes of FDI, An overview of FEMA, Foreign Investments Framework - Chart, FDI Scheme, Indirect FDI - Downstream investment, Some key changes, Compliance - Procedure, Chart service for DIPP website etc. Thereafter CS B. Gopichand, Company Secretary in Practice shared his experience and spoke on SME - FDI perspective, incorporation of company, registrations, investment agreements, funding, , FEMA, FDI, external debt - ECB, imports, exports, import of services, transfer of shares, outbound investments and presented a case study on FDI.

**BHOPAL CHAPTER**

**Career Awareness Programme**

On 13.10.2012 the Bhopal Chapter of WIRC of the ICSI organized Career Awareness Programme at Gitanjali Government Girls College, Bhopal. The Programme was inaugurated by Dr. Jain, Asst. Director, School Education, Government of Madhya Pradesh. CS Amit Kumar Jain, Member-WIRC in his address informed the students about the Course Curriculum and Future prospects of the CS profession. The programme was very interactive and attended by around 700 students and staff members of the college.

**PUNE CHAPTER**

**Participation in Pune Bus Day**

On 1.11.2012 as a Green initiative, Pune Chapter of WIRC of the ICSI participated in the "Pune Bus Day" organized by Sakal Media Group. CS Nesar Ahmed, President, the ICSI joined the event for a social cause and reflecting ICSI's commitment towards Corporate Social Responsibility, also travelled in a Bus
along with CS Umesh Ved, Central Council Member, CS Pawan Chandak, Chapter Chairman, CS Shilpa Dixit, Chapter Secretary and CS Makarand Lele, Member WIRC.

**Meeting with Chairman CII, Western Region**

On 2.11.2012 the first meeting was organized with Pradeep Bhargawa, Chairman of CII, Western Region. During the meeting, various issues including the topics related to the Corporate Social Responsibility were discussed. It was also discussed that the ICSI along with the CII can conduct joint programmes in near future in the form of conferences or conclaves. A proposal was discussed that the first such kind of a programme can be conducted at Pune.

CS Pawan Chandak, Chairman, CS Shilpa Dixit, Secretary, CS Makarand Lele WIRC Member along with other Managing Committee members of the Pune Chapter were present at the meeting.

**Meeting with the Commissioner of Agriculture, Pune**

Considering the scope for expansion of CS profession a meeting was organized with Umakant Dangat, Commissioner of Agriculture, Maharashtra State, Pune.

Nesar Ahmad, President, the ICSI discussed the prospective areas of work for Company Secretaries as Professionals during his meet with the said authority. A Representation Letter covering the areas of expansion for the CS Professionals was also submitted to the said authority on behalf of the ICSI. The discussions were very fruitful and it was agreed that a delegation from the Pune Chapter can have a meeting with the said Department and can further discuss various issues in this behalf for taking the matter ahead. CS Vikas Khare, Central Council Member, CS Makarand Lele, WIRC Member CS Pawan Chandak, Chairman and CS Shilpa Dixit, Secretary of the Chapter were present for the meeting.

**Meeting with the Director General, MCCIA Pune**

In the afternoon, a meeting was scheduled with Anant Sardeshmukh, Director General of MCCIA Pune. During the meeting, it was agreed that both the organizations can enter into an MOU wherein joint programmes can be conducted and that ICSI can also nominate its representative.

CS Vikas Khare, Central Council Member the ICSI, CS Pawan Chandak, Chairman and CS Shilpa Dixit, Secretary of the Chapter were present for the meeting.

**Press Conference at Pune**

During the Day time, a Press Conference was arranged with media persons wherein Nesar Ahmad, President, the ICSI interacted with media people informing them about CS Course, its curriculum, importance of the profession of CS in corporate world and latest happenings in the field of CS.

President also focused on the Vision 2020 document of ICSI and informed about few initiatives of ICSI such as organization of Convocation for new Members, efforts by ICSI for introduction of Pass Certificate to be issued to students qualifying the Executive level of the CS examinations so as to equip them to equip for suitable employment opportunities. On the queries received from the Press Representatives, he also expressed about the new Companies Bill. Central Council Members of the ICSI CS Vikas Khare and CS Umesh Ved along with CS Makarand Lele, Member, WIRC, CS Pawan Chandak, Chairman and CS Shilpa Dixit, Secretary of the Chapter were also present during the Press Conference.

**Members Meet with the President**

On 2.11.2012, a Technical Session was organized for members on "Peer review & ICSI Guidelines" which was conducted by CS Umesh Ved, Central Council Member and Chairman PCS Committee of the ICSI. He discussed at length the scope, applicability & other related aspects on Peer Review with members attending the technical session. This was followed by a session in which, CS Vijaykumar Khubchandani, RoC, Maharashtra, Pune who talked about the expectations of a Regulator from a CS Professional.

After the technical session, CS Pawan Chandak Chapter Chairman honoured CS Nesar Ahmad, President ICSI in traditional puneri style. CS Umesh Ved, Central Council Member, was also honoured.

During the programme a cheque amounting to Rs.51000/- as a voluntary contribution of Pune Chapter to Company Secretaries Benevolent Fund was presented to the President by the Pune Managing Committee Members for the year 2012.

As a part of the celebration for receiving the “Best Chapter Award in A Grade Category for the year 2011, all Managing Committee members for the year 2011, were honoured by the President. This was followed by the interaction of the President with the Members from Pune Chapter in an open forum discussion. CS Umesh Ved, & other Central/Regional Council Members/ Past Presidents of ICSI from Pune were present. The Programme concluded with rendition of the National Anthem. Around 80 members attended the programme.

**Career fair**

ON 25 and 26.11.2012 Pune Chapter participated in Times Education Expo 2012, Pune organized by Education Times at Hotel Sun n Sand, Pune. Around 150+ students /parents visited the stall. Brochures explaining the CS course were distributed among the students/parents who visited the ICSI stall.
ICSI - CCGRT

Three days Workshop on Risk, Regulation and Compliance (with special focus on Banking)

During the last decade rapid innovations in financial markets, globalisation & deregulation have not only changed the functioning of the banks beyond recognition but in the process banks are now exposed to various types of risks and the activities of the banks have become more complex. The ever increasing regulations, increasing complexities involved in handling financial crimes, complex products and higher geographical reaches are contributing to requirement for more effective risk management and compliance function in order to avoid actions that could lead to damaged reputation and large penalties. Compliance is one of the core areas on which banks need to and are increasing their focus on efforts to address existing and potential risks.

In order to provide the Company Secretaries and others dealing with Risk & Regulation, practical insights into Banking and equip them with the requisite mindset to discharge the Compliance function in banks, ICSI-CCGRT in collaboration with the Indian Institute of Banking and Finance (IIBF) conducted a three days workshop on Risk, Regulation and Compliance (with special focus on Banking) from 27.09.2012 to 29.09.2012 at its premises in CBD Belapur, Navi Mumbai. The programme was well attended by Senior Bankers from across the country.

The inaugural address for the workshop was delivered by Dr. R. Bhaskaran, CEO, IIBF and the key note speaker for the valedictory session was Dr. P. Balachandran, Deputy CEO, IIBF. Other facilitators for the workshop were S. Venkatesh, Joint Director (Faculty), IIBF, S. N. Sharma, Director (Training), IIBF, Edwin Fernandes, General Manager, IDBI Bank, Sukumar Dutta, Joint Director (Faculty), IIBF and Dr. T.C.G. Namboodiri, Joint Director (Faculty), IIBF.

The workshop was inaugurated by the dignitaries present on the dais.

Dr. R Bhaskaran commenced his inaugural address by explaining the theme of the workshop and the idea behind ‘Compliance’ in banks. He reiterated the importance of Risk Management and regulations in the banking sector by counting some live examples from the past viz. CRB Capital winding up, US sub-prime crisis etc. and explained in brief how compliance is a critical function not only in mitigating risks but also in strengthening the banks’ corporate governance structure. Thus, compliance function in banks should be understood vis-à-vis risk and has to be adequately enabled and made sufficiently independent. He then gave a professional overview of the Banking Industry by excellently bringing out the differences in the profile and pattern of business of Public Sector Banks, Old Private Sector Banks, New Private Sector Banks and Foreign Banks. In conclusion, he discussed about the 5 core drivers of the banking business namely Retail Banking, Technology, Financial Inclusion, Risk and last but not the least - Regulation and Compliance. The session was well received by the participants.

During the course of the three days workshop, the facilitators discussed elaborately various areas with respect to the risk, regulation and compliance in the banking sector, covering Integrated Risk Management - Market Risk, Operational Risk and other risks, various audits, Risk Based Supervision of Banks, Overview of compliances - statutory, regulatory, internal policies-organization and management of compliance function in banks (Operational aspects), Role of Chief Compliance Officer, Compliance Risk and Risk Mitigation process through Case Studies, Reserve Bank of India as a Regulator-Compliance, Credit Risk Management, Compliance issues under KYC and AML and Corporate Governance and Board oversight issues.

On the last day, Dr. P. Balachandran delivered the valedictory address. During his address he said that Risk Management is not a onetime exercise and that professionals should take utmost care in Risk Management and Compliance. He stressed the role of Company Secretaries in Compliance and cautioned that Compliance should not be a procedural formality. He then spoke briefly on the Governance issues involved in Risk Management. Various practical queries raised by participants were also responded by Dr. Balachandran. Towards the end, he distributed the Certificate of Participation to all the participants.

Programme on Select Practices under MCA

Filing & registration of documents is a statutory requirement under the Companies Act, 1956. The Central Government has amended the Companies General Rules & Form 1956 & notified e-forms to enable electronic filing of documents. The Companies General Rules & Forms (Amendment) Rules, 2006 provide that the forms prescribed in the Annexure of the Rules may be filed through electronic media or through any other computer readable media. MCA has cast an onerous responsibility on the practicing professionals while certifying the e-forms.

In order to acquaint the Company Secretaries with certain Select Practices & Procedures under MCA 21, ICSI-CCGRT organised a full day Programme on Select Practices Under MCA on 07.10.2012 at its premises in CBD Belapur, Navi Mumbai. The speakers for the programme were Robert Pavree and Surendra Kanстиya, both Practicing Company Secretaries from Mumbai.
Robert Pavrey threw light on the MCA-21 portal with special focus on e-filings and also certain important points to be taken care of while filing forms electronically, by giving practical demonstration. He then discussed about the precertification of e-forms and things that the certifying professionals should cross-check while pre-certifying e-forms. In conclusion, he enlightened the participants with the procedure for obtaining digital signature.

Surendra Kanastiya spoke on the new name availability guidelines and procedures under the same by giving some practical examples and sharing his experiences on the same. He also threw light on some recent updates under MCA21 regime viz. Delegation of powers of Central Government to Regional Director under sections 17, 18, 19, 141 and 188 of the Companies Act, 1956, Filing of Cost Audit Reports and Compliance Reports in XBRL, Fees on certain forms, New LLP Portal etc. The queries raised by the participants were well addressed by the speakers.

Programme on Labour Laws and Compliances

ICSI-CCGRT conducted a full day programme on Labour Laws and Compliances on 13.10.2012 at its premises in CBD Belapur, Navi Mumbai. The speakers for the programme were Lancy D'Souza, Advocate Bombay High Court and P G Murthy, Advisor Labour/IR, Bombay Chambers of Commerce & Industry. The programme was well attended by the members and various professionals from labour law fraternity and also students of CS Course. At the outset, Lancy D'Souza explained the theme and structure of the programme to the participants. The programme inter-alia covered the compliances and penalties under various labour laws.

Murthy initiated the discussion by giving a brief introduction of Labour Laws. Labour Laws is a subject of concurrent list. Also, Article 21 of Part III of the Constitution on Fundamental Rights is infringed if there is wrongful termination or non-payment of wages. He pointed out that history shows constant existence of labour exploitation. He said that labour has to be treated as partner in the common task of development. He then discussed the framework of a labour enactment followed by the compliances and returns to be filed under the Payment of Wages Act, 1936, Payment of Gratuity Act, 1972 and Minimum Wages Act, 1948. Deliberating on the Payment of Gratuity Act, he discussed the method of computation of gratuity and the provisions relating to forfeiture of gratuity with reference to the case law: Bharat Gold Mines v. Regional Labour Commissioner. Regarding the Minimum Wages Act, he pointed out that in case of contract workers working for principal employers, the minimum wage rate, reckoned as per the work done by them, would be applicable. In this regard he quoted the Bombay High Court judgement of Indian Labour Organisation v. D H Deshmukh 1996 II CLR 630 Bom HC, Airfreight Limited Bangalore v. State of Karnataka & other case laws.

He then went on to discuss the important provisions of Maharashtra Workmen Minimum House Rent Allowance Act, 1983, Employees Provident Fund & Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948. He also gave a brief overview of all the applicable benefits to the employees under ESIC Act. In conclusion, he deliberated on the Bombay Shops & Establishments Act, 1948 and pointed out that the Act brings in applicability of Payment of Wages Act, Maternity Benefit Act, Employees Compensation Act and the Industrial Employment Standing Orders Act.

Lancy commenced his session by enumerating the compliances under the Maternity Benefit Act, 1961 and various restrictions on the employer and woman as per the said Act. He then discussed few important provisions of the Industrial Employment Standing Orders Act, 1946 viz. posting of standing orders, subsistence allowance, date of operation of standing orders etc. This was followed by a discussion on the important definitions under the Industrial Disputes Act, 1947 (viz. lay off, industrial disputes, closure, retrenchment, strike, settlements, etc.) and the Employees Compensation Act, 1923 (permanent disablement, partial disablement, etc.) and also on some of the important provisions relating to half monthly payments, payments in case of death etc.

He then discussed in brief the important provisions of the Contract Labour (Regulation & Abolition) Act, 1970 quoting the case law: Steel Authority of India Ltd v. National Union Water Front Workers & others. Towards the end, he deliberated on the provisions relating to maximum bonus, calculation of bonus and adjustment relating to bonus under the Payment of Bonus Act, 1965. He said that bonus shall be an amount in proportion to the salary or wage earned by an employee subject to a maximum of 20%. The programme was widely appreciated by the participants.

Programme on Transfer Pricing

On 14.10.2012, ICSI-CCGRT conducted a full day programme on Transfer Pricing at its premises in CBD Belapur. The speakers for the programme were Vishwanath Kane, Senior Manager, Deloitte, Haskins & Sells, Yashodhan Pradhan, Consultant, Transfer Pricing, Vispi T Patel & Associates and Vaishali Mane, Client Service Director - Transfer Pricing, Grant Thornton India LLC. The programme was widely appreciated by the participants.

Kane initiated the discussions by giving an overview of transfer pricing. He explained the need for transfer pricing in today’s scenario and how transfer pricing is related to economic development followed by the role played by OECD in Transfer Pricing arena. OECD provides guiding principles in relation to the taxation of multi-national groups with operations in different tax
Instruments Act. Surendra Kanstiya explained the recent discussed the role of directors in the context of Negotiable case laws relating to Negotiable Instruments Act, 1881 and also shareholders’ agreements. He quoted and explained the recent 1881 and vetting & enforcement of contracts including discussed the provisions relating to Negotiable Instruments Act, Agreement and compliance thereof. Ananthanarayanan and FCCBs and even made a passing reference to Listing fund raising activities abroad i.e. issue of Depository Receipts Copyrights. She also covered the relevant provisions as regards the Intellectual property laws like Patents, Trademarks and the general dos and don’ts, of the Pollution Control laws and of any licence requirements, the validity period of such licenses & Industrial Development Regulation Act and the Factories Act for Companies Act, 1956 for incorporating a company, of the of various laws for starting and running a business viz. of the Practising Company Secretary.

Director - Lexpraxis Consulting Pvt. Ltd and Surendra Kanstiya, Secretary and Former DGM SEBI, Raju Ananthanarayanan, programme were Shailashri Bhaskar, Practising Company Business on 19.10.2012 at its premises. The speakers for the ICSI-CCGRT conducted a full day programme on Legal Aspects of Business on 19.10.2012 at its premises. The speakers for the programme were Shailashri Bhaskar, Practising Company Secretary and Former DGM SEBI, Raju Ananthanarayanan, Director - Lexpraxis Consulting Pvt. Ltd and Surendra Kanstiya, Practising Company Secretary.

Vaishali Mane addressed the participants on Domestic Transfer Pricing and initiated the discussion by explaining the concept of Transfer Pricing and its evolution. She then discussed the important components of Transfer Pricing followed by the compliances required under some practical scenarios. All the queries of the participants were well addressed by the speakers.

Programme on Legal Aspects of Business
ICSI-CCGRT conducted a full day programme on Legal Aspects of Business on 19.10.2012 at its premises. The speakers for the programme were Shailashri Bhaskar, Practising Company Secretary and Former DGM SEBI, Raju Ananthanarayanan, Director - Lexpraxis Consulting Pvt. Ltd and Surendra Kanstiya, Practising Company Secretary.

Shailashri Bhaskar gave an overview of the relevant provisions of various laws for starting and running a business viz. of the Companies Act, 1956 for incorporating a company, of the Industrial Development Regulation Act and the Factories Act for any licence requirements, the validity period of such licenses & the general dos and don’ts, of the Pollution Control laws and of the Intellectual property laws like Patents, Trademarks and Copyrights. She also covered the relevant provisions as regards fund raising activities abroad i.e. issue of Depository Receipts and FCCBs and even made a passing reference to Listing Agreement and compliance thereof. Ananthanarayanan discussed the provisions relating to Negotiable Instruments Act, 1881 and vetting & enforcement of contracts including shareholders’ agreements. He quoted and explained the recent case laws relating to Negotiable Instruments Act, 1881 and also discussed the role of directors in the context of Negotiable Instruments Act. Surendra Kanstiya explained the recent amendments under the Competition Act, 2005. He also discussed the expanding role of Competition Commission of India. In the wake of the budding amendment, Kanstiya explained why Mergers and Amalgamations are required to be subjected to review by Competition Commission of India. All the queries of the participants were well addressed by the speakers and the programme was well received by the participants.

Programme on Revised Schedule VI
Regulatory updates are like antidotes for corporate diseases and illness and sometimes essential for maintaining good corporate health. As an effort to bring in more transparency and effective reporting mechanisms of financial health of the corporates, Revised Schedule VI has been introduced.

In light of the above and to update the Company Secretaries and other professionals on the above, ICSI-Centre for Corporate Governance, Research & Training (CCGRT) conducted a full day programme on Revised Schedule VI on 20.10.2012 at ICSI-CCGRT, Belapur, Navi Mumbai. P R Barpande, Former Partner - Deloitte, Haskins & Sells inaugurated the programme and had an interactive session with the participants. He clearly pointed out the difference between old Revised Schedule VI and the new one. He also discussed in detail the pros and cons of the Revised Schedule VI and the issues faced in its practical implementation. The second speaker Arvind A Rao, Chief Planner of Dreamz Infinite Financial Planners threw some light on the need to revise Schedule VI. He also enlightened the participants with the new features and minimal disclosure requirements under the Revised Schedule VI. In conclusion, he explained how to prepare Balance Sheet as per Revised Schedule VI by giving practical illustrations.

The programme was well received by the participants.

Knowledge Upgrading Program on Understanding FEMA
On 21.10.2012, ICSI-CCGRT conducted a Knowledge Upgrading Programme on Understanding FEMA (Foreign Exchange Management Act) at its premises in CBD Belapur, Navi Mumbai. Speakers for the programme were Arvind Salvi, Former DGM, RBI, who gave an overview of the regulatory framework of FEMA & covered the regulations relating to Capital and Current Accounts Transactions, Remittances, Foreign Direct Investments, Compounding of contraventions; and G V Srinivasa Murthy, Member, ICSI-CCGRT Management Committee, who discussed in detail regulations relating to External Commercial Borrowings, Setting up of JV/WOS abroad and also setting up of branch offices in India. The speakers also threw light on the salient changes/amendments in all the above till date after the issue of Master Circular by RBI in July 2012. The programme was well attended and quite interactive.
## Advertisement Tariff

*(With Effect from 1st April 2012)*

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### MECHANICAL DATA

- Full Page - 18 x 24 cm
- Half Page - 9 x 24 cm or 18 x 12 cm
- Quarter page - 9 x 12 cm

- The Institute reserves the right not to accept order for any particular advertisement.
- The journal is published in the 1st week of every month and the advertisement material should be sent in the form of typed manuscript or art pull or open file CD before 20th of any month for inclusion in the next month's issue.

For further information write to:

The Editor, "CHARTERED SECRETARY",

ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110003
Tel: 011-45341024, 41504444. Fax: +91-11-24626727, 24645045
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FIRST ALL REGIONAL COUNCILS JOINT PROGRAM IN NORTHERN REGION  

(Joint Participation by EIRC, NIRC, SIRC and WIRC)

PUNJAB STATE CONFERENCE  

(Host: Jalandhar Chapter of NIRC)

Theme: EMPOWERING SME’S & GOING BEYOND  

Day, Date & Time: Saturday, December 15, 2012 - 11.00 A.M. to 7.00 P.M.  
Venue: Hotel Ramada City Centre, Namdev Chowk, Jalandhar(Punjab)

Program Credit Hours For Members: 04  
PDP Hours For Students: 08

Registration Fee: 
- (Non residential) inclusive of Service Tax
  - Members and Participants: 1900/- Rs. 200/-
  - (Non Residential): 1500/- (Without Cultural Eve/ Dinner) Rs. 100/-
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  - FREE for Corporate Members of EIRC, NIRC, SIRC & WIRC (Self Only).

Application for registration may be sent along with local Cheque/Demand Draft favouring 'NIRC of ICSI' payable at New Delhi OR Jalandhar Chapter of NIRC of ICSI payable at Jalandhar at the addresses given below:

For further details members may contact:
- CS Aman Setia  
  Chairman Communication Committee  
  amansetia@sukhjitgroup.com  
- CS Parminder Rally  
  Chairman Delegate Servicing & Travel Committee  
  parmrally@gmail.com  
- CS Ankit Gandhi  
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FOR DETAILED BROCHURE, PLEASE VISIT: www.icsi.edu/niro
CONGRATULATIONS

SHRI R. RAVI, FCS
Past President, The ICSI and Managing Director, Cameo Corporate Services Limited (CAMEO) on his being appointed as one of the directors of Cameo Techedge Services Ltd., Uganda and also for his being elected as Vice Chairman of Registrars Association of India (RAIN).

DR. S. KUMAR, FCS
Former Principal Director, The ICSI on his being conferred the Degree of Doctor of Philosophy in Commerce by Chaudhary Charan Singh University, Meerut for his thesis on Corporate Governance Practices in India and its Impact on the Shareholders and Stakeholders of the Company (A Comparative Study of Selected Public and Private Sector Companies).

SHRI OMKAR NIRGUDKAR, ACS
an employee of HPCL, Mumbai on his being selected for National Awards for the Empowerment of Persons with Disabilities, 2012 under the category Best Employees/Self Employed with Disabilities. The award is given by the Ministry of Social Justice and Empowerment of the Government of India.

SHRI TARUR KUMAR JAIN, FCS
on his being appointed as the Director & Central Council Member of the Institute of Investment and Securities Analysts of India.

SHRI VIRAJ KULKARNI, FCS
Head Securities Services, India, BNP Paribas Securities Services, on his being awarded the Global Custodian Awards for Excellence Asia 2012 for services to the securities services industry in India.

OBITUARIES

"Chartered Secretary" deeply regrets to record the sad demise of the following members:

SHRI GOPAL PRASAD BANSAL, FCS
(03.05.1953 - 22.09.2012), a Fellow Member of the Institute from New Delhi.

SHRI JOGINDER KUMAR AGGARWAL, FCS
(11.05.1942 - 06.10.2012), a Fellow Member of the Institute from Chandigarh.

SHRI NALIN N. SHAH, FCS
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SHRI PRAMOD N. SHARMA, FCS
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SHRI R. C. GUPTA, ACS
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SHRI SATISH KUMAR RASTOGI, FCS
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SHRI V. S. KRISHNA MOORTHY, ACS
(15.07.1945 - 23.11.2012), an Associate Member of the Institute from Madurai.

SHRI V. SITHAPATHY, FCS
(03.06.1955 - 18.11.2012), a Fellow Member of the Institute from Navi Mumbai.

May the almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the Departed Souls rest in peace.

Amendments in the Work Distribution of CLB Benches

[Issued by the Company law Board vide File No. 10/43/2005 - CLB, order dated 30.10.2012]

In exercise of the powers conferred by Sub-Section 4(B) of Section 10(E) of the Companies Act, 1956 (1 of 1956) read with Regulation 4 of the Company Law Board Regulations, 1991, the Chairman Company Law Board, hereby, in partial modification of the order of the even number dated 06.09.2012*, makes the following amendments in the work distribution of the Benches for the purpose of exercising and discharging the Board’s powers and functions in the manner specified below:-

1. In para (c) of the order dated 06.09.2012,-
(a) In sub para (1), the figure “247” shall be omitted;
(b) In sub paras (2) and (4), the figure “247” shall be inserted after the figures “237B”;
(c) In sub para (5), the figure “247” shall be omitted;
(d) In sub paras (6) and (8), the figure “247” shall be inserted after the figures “237B”;
(e) In sub para (9), the figure “247” shall be omitted.

2. This Order shall come into force with immediate effect.

P.K. Malhotra
Company Law Board

* Published in October 2012 issue of Chartered Secretary on page 1302 Item No. 6.

CS QUIZ

Prize query

A

n industrial company P owned a number of undertakings. It transferred one of the undertakings owned by it to another industrial company X. Bulk of the workers of the undertaking sold continued to work in the undertaking under the new management. The rest of the workers demanded VRS from P. P denied VRS to those workmen as the same had already expired. On appeal the High Court rejected the appeal but ordered payment of retrenchment compensation to the workers. Does this order is in consonance with the legal provisions in this regard?

Conditions

1. Answers should not exceed one typed page in double space.
2. Last date for receipt of answer is 20th December, 2012.
3. Two best answers will be awarded Rs. 1000 each in cash and the names of the contributors will be published in the journal.

N. K. Jain, Editor
The Institute of Company Secretaries of India, ‘ICSI House’, 22, Institutional Area, Lodi Road, New Delhi-110003.

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## COMPANY SECRETARIES
### EXAMINATIONS - DECEMBER, 2012

## TIME-TABLE & PROGRAMME

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<td>Company Secretarial Practice (MODULE-I)</td>
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<td>Drafting, Appearances and Pleadings (MODULE-I)</td>
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<td>Financial Accounting</td>
<td>Financial, Treasury and Forex Management (MODULE-II)</td>
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<td>Elements of Business Laws and Management</td>
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<td>Governance, Business Ethics and Sustainability (MODULE-IV)</td>
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41 years of Chartered Secretary
on your Finger Tips (1971-2012 July)

About the CD
The CD contains the Chartered Secretary Journal from the year 1971 to July 2012. The CD facilitates easy retrieval of the desired documents, from the vast data of 41 volumes of Chartered Secretary through its customized powerful Search Engine. The CD proves to be a treasure for Company Secretaries, Chartered Accountants, Advocates, Corporate Executives, Academicians and Researchers and provides them a competitive edge in their areas of operation and expertise.

A CD Containing the Chartered Secretary Journal from the year 1971 to 2012 July

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<td>Searches with in Searched Results</td>
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