

CHARTERED SECRETARY

THE JOURNAL FOR CORPORATE PROFESSIONALS

Focus on

Attitudinal Shift In the Functioning of Corporates and Company Secretaries

1423 >

Filing of Balance Sheet and P&L Account in XBRL Mode for FY commencing on or after 1.4.2011

1431 >

SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012

1475 >

Extension of date of submission of Service Tax Returns

Wishing All
A Happy Deepavali



THE INSTITUTE OF
Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

ICSI GREETES AND CONGRATULATES SHRI SACHIN PILOT ON ASSUMING THE CHARGE OF MINISTER OF STATE FOR CORPORATE AFFAIRS (IC) GOVERNMENT OF INDIA



Shri Sachin Pilot
*Minister of State
for Corporate Affairs
(Independent Charge)*

Shri Sachin Pilot is the Minister of State for Corporate Affairs(IC). Before assuming this office he was the Minister of State, Communications and Information Technology.

Shri Sachin Pilot elected to 14th Lok Sabha in 2004 was re-elected to 15th Lok Sabha (2nd term) in 2009. As a Member of Parliament he has focused his energies on enabling people to avail better social and economic opportunities. He has emphasized job creation, and improvement in the quality and quantity of health and education services.

Shri Pilot has served as a Member of the Parliament's Standing Committee on Home Affairs, Consultative Committee in the Ministry of Civil Aviation, and Parliamentary Budget Estimates Committee. He was also the Board Member in the Management Committee of Delhi and District Cricket Association (DDCA) as a nominee of the Government of India.

Shri Pilot was born in Saharanpur, U.P. on September 7, 1977. He is an alumnus of St. Stephen's College (University of Delhi), where he pursued a Bachelor's degree (Honours) in English Literature. After graduating, he worked at the Delhi Bureau of the BBC (British Broadcasting Corporation), and subsequently went on to work for the General Motors Corporation. Shri Pilot completed his MBA Degree at the Wharton Business School (University of Pennsylvania, U.S.A), where he specialized in multinational management and finance.

Shri Sachin Pilot travels extensively in India, especially to remote and interior areas of the country. He takes a keen interest in issues that affect the farming community and the youth. In recognition of his professional accomplishments and commitment to society, Shri Pilot was selected as one of the Young Global Leaders by the World Economic Forum in 2008. He is also a keen sportsman and has represented Delhi State in a number of National Shooting Championships. He likes to keep abreast of current political and economic affairs, in India and across the globe.



» **Meeting of the ICSI delegation with Hon'ble Minister of State for Corporate Affairs (Independent Charge)** - Standing from Left: N.K. Jain, Sachin Pilot {Hon'ble Minister of State for Corporate Affairs (IC)}, Nesar Ahmad and Sutanu Sinha.

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- 01 36th Annual Conference / Awards Night of The Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN) on Investing and Sustaining Businesses in Nigeria: Issues of Governance - Sitting among others Nesar Ahmad (President, The ICSI, 2nd from Left), Essien-Akpan Ifeyinwa (Treasurer, ICSAN, 3rd from Left), Tunde Busari (President and Chairman, ICSAN, extreme Right) and Suresh K Mahijani (Dty. High Commissioner of India in Abuja, Nigeria, 2nd from Right).
- 02 Meeting with Indian High Commissioner in Abuja - Mahesh Sachdev (High Commissioner of India in Abuja, Nigeria) presenting a memento to Nesar Ahmad. Also seen in the picture R Sridharan (Central Council Member, The ICSI).
- 03 Meeting with the Officials of CISI, London, U.K. - Standing from left: Helena Green (International Manager, CISI), Mahesh Shah (Past President, The ICSI), Nesar Ahmad, Kevin Moore (Director, Global Business Development, CISI) and Gopalakrishna Hegde (Central Council Member, The ICSI).
- 04 IOD, India - London Global Convention 2012 on Corporate Governance Perspectives & Sustainability Challenges - Sitting from Left: Rakesh Singh (President, The Institute of Cost Accountants of India), Nesar Ahmad, Lt. Gen. J.S. Ahluwalia PVSM (Retd.) (President, Institute of Directors), Rt. Baroness Verma (Hon'ble Parliamentary Under Secretary of State for Energy and Climate Change, Govt. of UK) and Ola Ullsten (Former Prime Minister of Sweden).
- 05 Meeting of ICSI delegation with Director, Global Business Development, CISI, London - Standing from Left: Sonia Bajjal, Dr. S. K. Dixit, N. K. Jain (Secretary and CEO, The ICSI), Nesar Ahmad, Ganesh Iyer ((Country Head (India), CISI), Kevin Moore (Director, Global Business Development, CISI) and Sutanu Sinha (Chief Executive - Designate, The ICSI).
- 06 Meeting of ICSI representatives with President, New York University - Standing from Left: Gopalakrishna Hegde, John Sexton (President, New York University) and S.N. Ananthasubramanian (Central Council Member, The ICSI).
- 07 EIRC - 9th Regional Conference of Practising Company Secretaries - Ranjeet Kanodia lighting the lamp. Others standing from left: Arun Khandelia, Deepak Khaitan, Amlesh Bhandopadhyay (Member (Technical)CLB, Kolkata) and Dr. Navrang Saini (RD(Eastern Region), MCA, Govt. of India).
- 08 Two Days Annual Regional Conference of ICSI- WIRC - Ritesh Gupta addressing. Others sitting from Left - Ashish Karodia, Ashish Garg, Mahavir Lunawat, N.K. Jain, Nesar Ahmad, Ashish Kumar Chauhan, S. N. Ananthasubramanian, N. Ravichandran and Ragini Chokshi.
- 09 Nesar Ahmad cutting the ribbon to mark the Inauguration of renovated premises of Bhopal Chapter.
- 10 NIRC - Seminar on Corporate Governance - A Long Term Consciousness Perspective & Revised Schedule VI and XBRL - Inauguration - Standing from Left: N.K. Jain, O. P. Dani, T.N. Chaturvedi (Former Governor, Karnataka & Kerala), Ranjeet Pandey, Rajiv Bajaj, Dr. M Veerappa Moily (then Hon'ble Union Minister for Corporate Affairs & Power), Dr. K Rahman Khan (Former Dy. Chairman, Rajya Sabha), Harish K Vaid, Pradeep Narang (Chairman, Sri Aurobindo Society & SAFIM), Dr. Ashok Haldia, Nesar Ahmad and Dr. G.B Rao.
- 11 WIRC, Bhopal and Indore Chapters of the ICSI - First M.P. State Annual Conference at Bhopal on Business, Governance and Madhya Pradesh - Sitting on the dais from Left: Ashish Karodia, Ritesh Gupta, Ashish Garg, Hitesh Buch, A.K. Jain, Nesar Ahmad, Sartaj Singh (Hon'ble Minister of Forest, Govt. of M.P.), Mahavir Lunawat, Amit Jain, Ragini Chokshi, Dhanraj Singh Thakur and P.K. Rai.



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ICSI IMAGES



12 » 40th National Convention of Company Secretaries- Vision 2020: Transform, Conform and Perform - Inaugural Session - Sitting on the dais from Left: N.K. Jain, B. Narasimhan, S.N. Ananthasubramanian, Chief Guest Dr. M.V. Tanksale (CMD, Central Bank of India), Nesar Ahmad, Atul H Mehta and Mahavir Lunawat.

13-20 » Address by the Chief Guest and the speakers : Nesar Ahmad, Chief Guest Dr. M.V. Tanksale, S.N. Ananthasubramanian, B. Narasimhan, Atul H Mehta, Mahavir Lunawat, N K Jain, Sutanu Sinha.

21 » Release of Convention Souvenir.

22 » Release of ICSI Publication titled Guidance Note on Passing of Resolutions by Postal Ballot - IInd Edn.

23 » Release of ICSI Publication titled Referencer on XBRL (As per Revised Schedule - VI).

24 » Release of ICSI Publication titled Handbook on Mergers, Amalgamations and Takeovers- Law and Practice.

25 » Release of Brochure on - Certificate Course on Valuation.

26 » Release of Brochure on PMQ Course in Corporate Restructuring & Insolvency.

27 » Release of ICSI - WIRC publication titled A Compendium on Sections 295, 297, 299, 300, 301, 314 of the Companies Act, 1956 and Related Party Disclosures.

28 » Launch of New Website of the ICSI.

29 » Best Regional Council Award 2011 - NIRC representatives receiving the Best Regional Council Award from the Chief Guest.

40th National Convention of Company Secretaries

October. 04-06, 2012 (Aamby Valley City)



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30 » National Best Chapter Award 2011 - Hyderabad Chapter representatives receiving the National Best Chapter Award from the Chief Guest.

31 » Grade A Best Chapter Award for 2011 - Pune Chapter representatives receiving the award from the Chief Guest.

32 » Grade B Best Chapter Award for 2011 - Bhubaneswar Chapter representatives receiving the award from the Chief Guest.

33 » Grade C Best Chapter Award for 2011 - Mysore Chapter representatives receiving the award from the Chief Guest.

34 » Grade D Best Chapter Award for 2011 - Modinagar Chapter representatives receiving the award from the Chief Guest.

35 » Rendition of National Anthem to mark the conclusion of the Inaugural Session.

36 » First Technical Session on Economic Volatility and Risk Management - Sitting from Left: Umesh H. Ved, Dr. P. Nanda Gopal (MD & CEO, India First Life Insurance, Mumbai), Dr. Shubhda Rao (Chief Economist, Yes Bank Ltd., Mumbai), P.R. Ramesh (Chairman, Deloitte India), Dr.N. Ravichandran (Director IIM-Indore) and Atul Mehta.

37-41 » Address by the speakers: Umesh H. Ved, P.R. Ramesh, Dr.N. Ravichandran, Dr.P. Nanda Gopal and Dr. Shubhda Rao.

42 » Second Technical Session - Panel Discussion - CS - Whistle Blower or Conscience Keeper - Sitting from Left: B.B. Chatterjee (Executive VP and Co. Secretary, ITC Ltd., Kolkata), S. Balasubramanian (Former Chairman, CLB), S.V. Subramanian (Chairman, SSB, Consultant, L&T Ltd., Mumbai) and C. Sudhir Babu.

43-47 » Address by Gopalakrishna Hegde, S. Balasubramanian, S.V. Subramanian, B.B. Chatterjee and C. Sudhir Babu.

48 » Third Technical Session on Financial Markets - Engine for Economic Growth - Sitting from Left: Harish K. Vaid, R. Bhaskaran (CEO, Indian Institute of Banking & Finance), J. Sridhar (Past president, The ICSI and Vice president and Co. Secretary, Bajaj Auto Ltd.), N. Sivaraman (President and WTD, L&T Finance Holdings Ltd., Mumbai), Dr. V.R. Narasimhan (ED, Kotak Mahindra Bank, Mumbai) and R. Sridharan.

49-54 » Address by Harish K. Vaid, J. Sridhar, N. Sivaraman, R. Bhaskaran, Dr. V.R. Narasimhan and R. Sridharan.

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- 55 » Fourth Technical Session - Panel Discussion on Challenges and Opportunities in SME Sector - Sitting from Left: Rajesh Dubey (Ex-CEO, SME Rating, SME Business Outsourcing & Training Solutions LLP, Mumbai), Gopalakrishna Iyer (Head, Listing Compliance and Investor Services, BSE), Arun Balakrishnan (Former Chairman and MD, Hindustan Petroleum Corpn. Ltd.), N.K. Maini (Dy.MD, SIDBI), S.K. Aggrawal (Director, Vimal Organics Ltd., Ghaziabad) and Vikas Y. Khare.

- 56-61 » Address by: P.K. Mittal, Gopalakrishna Iyer, N.K. Maini, Rajesh Dubey, S.K. Aggrawal and Vikas Y. Khare.



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- 62 » Special Session: International Perspective - Sitting from Left: Chua Sien Chuan (Dy. President, The Malaysian Association of the ICSA, Malaysia), Nesar Ahmad, Tunde Busari (President, The ICSA, Nigeria) and Mohammad Shahid Farooqui (Sr.VP, Institute of Chartered Secretaries of Bangladesh, Bangladesh).

- 63-65 » Address by Tunde Busari, Mohammad Shahid Farooqui and Chua Sien Chuan.

- 66 » Group Photo of Foreign Delegates with the President and the Secretary & CEO, the ICSI.

- 67 » Interactive Session- Sitting from Left: Atul H. Mehta, Gopalakrishna Hegde, B. Narasimhan, Harish K. Vaid, N.K. Jain, Nesar Ahmad, S.N. Ananthasubramanian, Pradeep K. Mittal, R. Sridharan, Sudhir Babu C. and Vikas Y. Khare.



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- 68 » Valedictory Session - Sitting from Left: N.K. Jain, B. Narasimhan, Saji Cherian (Head - Listing, Compliance and Corporate Services, MCX Stock Exchange), Nesar Ahmad, Dr. Anand Deshpande (Founder, Chairman and MD, Persistent Systems Ltd.), S.N. Ananthasubramanian, Atul H. Mehta and Mahavir Lunawat.

- 69-70 » Address by Dr. Anand Deshpande and Saji Cherian.

- 71 » Signing of MOU between ICSI and Symbiosis Centre for Management Studies, Symbiosis International University .

- 72 » Team, ICSI with Chief Guest and the Guest of Honour of the Valedictory Session.

- 73-74 » A view of the cultural evening and the invitees, dignitaries and delegates.



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40th National Convention of Company Secretaries

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At a Glance

Articles (A 435 - 478)

p- 1368

Company Secretary - A Key Managerial Person

p- 1368

R. Krishnan

The profession of Company Secretary has climbed the top of the professional ladder in these last 55 years, a situation never contemplated by the Founding fathers. Far from being dubbed as a subordinate officer, he is now being elevated as a key managerial personnel along with managing director and chief executive officer superseding his recognized role as a Principal Officer, thanks to the proposal contained in the Companies Bill, 2011 which is before the Parliament. The Bill also provides for mandatory secretarial audit for listed companies and at last confers the belated recognition to the Company Secretaries in the corporate world.

Managing Organisational Change: Some Critical Questions

p- 1370

Om Prakash Dani & M.S. Srinivasan

In the future, companies have to cope up with two types of changes: first is the change within the organisation and the other is the change in the external environment. This article examines the problem of coping with changes within the organisation, based on some important questions raised by the well-known strategy consultant and business writer, Roward Gibson, in a book edited by him. This article explores these questions in the light of emerging perspectives and an integral approach to management.

Attitudinal Shift in the Functioning of Corporates as well as Corporate Professionals

p- 1375

Mahesh Athavale & Anagha Anasingaraju

What is the attitude of a corporate and the corporate professionals? Is it defined by the people at the top or depends on the individual employee? In today's fast changing world, where one finds different perceptions about the values, morality and ethics, can anyone rely on the past history and take future for granted? Will what worked yesterday, work today and again tomorrow? Do we need change everywhere every time? Do we need to change ourselves or change the world around us? How far will the fast decreasing ethics and morals take me in life? What will make me a successful professional and in turn, bring success to my organization? Is there a real need for attitudinal shift? Can there be such attitudinal shift? The article tries to find answers to these and like questions.

Corporate and Professional Ethics... Beyond Compliance

p- 1379

V. Sreedharan

Of late, there have been a disturbing number of cases of corporate misgovernance. In some cases, corporate professionals are

also hitting the headlines, raising apprehensions on the efficacy of the governance and transparency systems prevailing in the country. In a globalised economy, both the corporate sector and professionals need to do much more to restore the confidence of investors and regulators. In this context, the article attempts to trace the role of Company Secretaries and the corporate sector, the challenges thrown up in the new Companies Bill and how an attitudinal shift in their working and mindset may help in restoring confidence.

Corporate Governance - Need for a Change in the Mindset

p- 1383

Dr. S. D. Israni

Since the Enron episode in the USA over a decade back, the corporate world all over has witnessed a great change. So far as India is concerned, it experienced the moment of truth when Satyam Chairman made the explosive admission on 7th January 2009 about the massive fraud perpetrated by him. While the corporate world has moved on since that episode, there are lessons to be learnt. There is a need for a change in the mindset of all the players and more particularly professionals like Company Secretaries. Corporates have to be prepared for greater transparency, increased accountability, added responsibility and professionalization of Management. In other words, Corporates have to go beyond the promoters and think of the interest of all the stakeholders.

Attitudinal Shift in the Functioning of Corporates and Company Secretaries

p- 1387

S. Viswanathan

In the times to come, management and Board of directors of the companies will be increasingly accountable to all the stakeholders. This will demand a paradigm shift in the functioning of the companies and this also will bring about a change in the way company secretaries function. The changes one foresees are in the way directors, particularly the independent ones, function, the impact of merger and acquisition, the critical evaluation of corporate social responsibility initiatives, the need for financial literacy right across the organisation and addressing the issue of sustainable growth. Family businesses will undergo a sea change in their management and this will be imposed by survival and growth imperatives. Trend towards this is already visible. Company secretaries will be called upon to play a much bigger role in the changed set-up - a role that will go much beyond the compliance function. It is up to them to grab this opportunity by widening their skill sets.

Attitudinal Shift in the functioning of Corporates - Focus on Some Important Areas

p- 1392

Rajkumar S. Adukia

Corporate scandals, global competition, Asian financial crisis and various domestic and international efforts have made corporate governance increasingly popular. Also, public awareness of the threat



of climate change has risen sharply in the last couple of years and an increasing number of businesses, organizations and individuals are looking to minimize their impact on the climate. All these issues have led to an attitudinal shift in the functioning of corporates. In this backdrop this article focuses on some key areas like Corporate Governance, Corporate Social Responsibility, Sustainability Reporting and Carbon Credits.

Attitudinal Shift in the functioning of Corporates and Company Secretaries An Analytical Review with Future Perspective

p- 1402

Pramod S. Shah

The responsibility of bringing about an attitudinal change in the functioning of the corporate world cannot be the prerogative of just one entity; it is the collective efforts of all concerned to take the initiative and follow the doctrines of Corporate Governance. The major issue that arises in the present times relates to the principles which determine corporate successes and failures that is why some organizations prosper and grow while others collapse. Corporate failures are common in competitive business environment where market discipline ensures the survival of fittest. Moreover, mismanagement also leads to corporate failure. Predicting corporate failure is based on the premise that there are identifiable patterns or symptoms consistent for all failed firms.

Legal World (LW 116 - 125)

p- 1412

- ◆ **LW.98.11.2012** When a director voluntarily makes available his personal properties for attachment against the debts of the company the same can be attached.[Del]
- ◆ **LW.99.11.2012** Security Appellate Tribunal holds directors guilty for indulging in insider trading.
- ◆ **LW.100.11.2012** When a stock broker allows a third person to trade on behalf of its client without written authorisation, it is violation of stock brokers code of conduct and is liable to be penalised.[SAT]
- ◆ **LW.101.11.2012** In a partition suit once shares are determined and there is an order that properties have to be sold, in law, a final decree has to be passed inasmuch as, government revenue in the form of stamp duty has to be deposited.[Del]
- ◆ **LW.102.11.2012** Supreme Court extends its guidelines prescribed in Vishaka case with respect to protection of women from sexual harassment in workplace to statutory professional authorities such as Bar Council, Medical Council, ICSI etc.
- ◆ **LW.103.11.2012** Assessee being a GTA service provider and manufacturer, utilisation of CENVAT credit of the service tax/excise duty paid on input services/inputs, for payment of service tax on GTA services was in order. [CESTAT]
- ◆ **LW.104.11.2012** Any proposal for imposition/increase of duty by way of an amendment will not have immediate effect in absence of declaration under the provisions of the PCTA.[CESTAT]
- ◆ **LW.105.11.2012** Payment made paid by the Indian company to its Australian subsidiary, for executing its work in Australia with respect to its Australian clients, is fees for technical services, the question of the existence of a Permanent Establishment does not arise. [AAR]
- ◆ **LW.106.11.2012** Complaint against the bank for passing forged cheques involves complicated questions and cannot be decided in a summary manner under the Consumer Protection Act.[NC]

From the Government (GN 237 - 264)

p- 1422

- ◆ Amendment in NACAS Constitution
- ◆ Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2012
- ◆ Amendment of the Companies (Central Government's) General Rules and Forms (6th Amendments Rules, 2012) for Forms 23AC and 23ACA
- ◆ Amendment to SRO 355 dated 17-1-1957 w.r.t. Govt. Companies under section 166 (2)
- ◆ Companies (Issue of Indian Depository Receipts) Amendment Rules, 2012.
- ◆ Filing of Balance Sheet and Profit and Loss Account in Extensible Business Reporting Language (XBRL) Mode for the financial year commencing on or after 1.4.2011
- ◆ Quality of XBRL filing certified by Professional members
- ◆ Constitution of a Committee for Reforming the Regulatory Environment for doing Business in India.
- ◆ Filing of Form 23B by statutory auditor for the accounting year 2012- 13
- ◆ Filling of Balance Sheet and Profit and Loss Account by companies in Non-XBRL for the accounting year commencing on or after 01.04.2011.
- ◆ Limited Liability Partnership (Second Amendment) Rules, 2012
- ◆ Amendment in the Notification G.S.R. 715(E) dated the 23.9. 2011.
- ◆ General Order - SEBI (Framework For Rejection of Draft Offer Documents) Order, 2012
- ◆ Public issues in electronic form and use of nationwide broker network of Stock Exchanges for submitting application forms
- ◆ Review of Margining with respect to Exchange Traded Funds (ETFs)
- ◆ Securities and Exchange Board of India (Issue and Listing of Debt Securities)(Amendment) Regulations, 2012.
- ◆ Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012
- ◆ Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2012.
- ◆ Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012
- ◆ Application Supported by Blocked Amount (ASBA)
- ◆ Companies (Amendment) Regulations, 2012 - Amendment in Regulation 2
- ◆ Setting up of step down (operating) subsidiaries by NBFCs having foreign investment above 75% and below 100% and with a minimum capitalisation of US\$ 50 million - amendment of paragraph 6.2.24.2 (1) (iv) of 'Circular 1 of 2012 Consolidated FDI Policy

Other Highlights

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- ◆ Members Admitted/ Restored
- ◆ Certificate of Practice Issued/Cancelled
- ◆ News From the Regions
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- ◆ Prize Query and Replies

Latest From Corporate Governance

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1. Financial Reporting Council UK-Discussion Paper on 'Thinking about financial reporting disclosures in a broader context'(15 Oct 2012):

The paper aims to improve the quality of financial reporting disclosures.

The paper sets out a road map for a disclosure framework for financial reporting aimed at improving the quality of disclosure and their value to the users. In particular, the paper covers the reduction of clutter in financial reports by avoiding duplication in disclosures and using tests of materiality more rigorously.

The paper focuses on disclosures that meet the objective of financial reporting, which is to provide information that is useful to users. With this objective discussion paper aims at determining the boundary of a financial report. This paper is of view that disclosures that do not meet the objective of financial reporting should be excluded from the financial report. This would be a step towards making annual reports shorter and more relevant.

The paper further aims at using placement criteria to provide a structure for the financial report so that disclosures are organised in a way that is more informative to the reader and can be consistently applied. For this purpose components of a financial report have been identified and boundaries to be drawn between each of the components are put in for discussion.

The consultation period closes on 31 January 2013.

Members willing to give a feedback on draft documents may register themselves on GRI Consultation Platform for online consultation or they may send feedback via email at disclosure@frc.org.uk. Feedback may also be sent to alka.kapoor@icsi.edu.

The discussion paper can be downloaded from:

<http://www.frc.org.uk/>

2. Corporate Governance Guide-London Stock Exchange (21st September 2012):

London Stock Exchange Group in partnership with leading international advisory firms has launched best practice advice for companies in the form of new corporate governance guide, the Guide sets out clear advice and best practice for pre and post-IPO companies.

The Guide is intended to encourage transparency, accountability and best practice and enhance the long-term stability of companies. The Guide includes chapters covering:

- An introduction to the UK regulatory framework;
- Requirements for UK and international companies;
- Structuring of a Board;
- The role of advisers; and
- Governance reporting and shareholder communications.

This Guide aims to encourage companies to consider corporate governance in the widest sense possible including board efficiency, transparency, reporting requirements, investor communications and sustainability.

The guide may be downloaded from:

<http://www.londonstockexchange.com/>

GREEN CORNER

360degree Green Office



STEP ONE : USE RECYCLED OFFICE PAPERS. By purchasing recycled papers we can reduce land filling and save energy. It takes half the energy to produce papers through recycling rather than pulping trees.

STEP TWO : COLLECT & RECYCLE YOUR OFFICE PAPERS. Offices are potentially a major source of high quality sorted waste papers.

STEP THREE : AVOID DISPOSABLE PRODUCTS. Recycle your laser and inkjet cartridges. Use refillable pens and long life markers. Buy long life light bulbs and heavy duty files.

STEP FOUR : AVOID UNNECESSARY CHEMICALS. Many products contain polluting chemicals that cause damage to the ecosystem in their production or disposal. Use polypropylene plastics in preference to PVC. Buy vegetable based glues, Toluene and xylene free markers, trichloroethane free correctors and bio-degradable cleaning products.

STEP FIVE : IMPROVE EMPLOYEES ENVIRONMENT. Control humidity and iron levels, install natural ventilation systems, use plants to filter the air and site photocopiers near vent. Fit anti-radiation screens to computer screens.

STEP SIX : SHARE STATIONERY

- Circulate reports printed once and passed around the office for everyone to read.
- Share supplies such as staplers, hole punches, etc. instead of each person buying their own.

Good Things Around

The Society for Child Development is a non profit organization that works to create a world of equal opportunities for children and young adults with mental handicap and other disabilities. The NGO has launched Trash-2-Cash program, under this program they receive waste materials, such as fabric ends, discarded magnetic tapes, etc. from businesses for free. Then, these materials are transformed into useful, marketable products. Recycled waste are converted to produce items of utility like coasters from discarded floppies, folders from audio tapes and mats, evening pouches and fashion accessories from scrap materials donated by export houses etc., The money made from this business funds the center so that the students may live and work in a comfortable environment. The Trash-2-Cash program is supported by the Department of Environment, Delhi Government.

Remember

16 November - International Day of Tolerance

20 November - Universal Children's Day

25 November - International Day for the Elimination of Violence against Women

Moments of Thought

"The concept of corporate governance is at a threshold in our nation where norms require a constant state of refinement to build a balance between voluntary and mandatory approaches."

Union Corporate Affairs Minister Dr. M Veerappa Moily

(Speech at the Launch of Legal Compliance Manual for companies for increasing compliances)

FORTHCOMING EVENTS

Asian Corporate Governance Association ---12th Annual Conference, the "Asian Business Dialogue on Corporate Governance 2012"

Venue: St. Regis Bangkok in Thailand

November 6-7, 2012.

Theme: "The Governance of Economic and Financial Integration in Southeast Asia".

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



Attitude is a little thing that makes a big difference ●●

Winston Churchill

Dear Professional Colleagues,

The power of human mind is indeed unlimited in its potential. There are no limits, except those we place on ourselves. So it is individual choice or choices that determine how we want to see the world, a particular situation or a challenge. It depends on how do we programme our minds.

Attitude is the first attribute that is essential in successful programming of our minds. Right attitude helps right programming of mind in right direction that ultimately leads to success.

It is our attitude that determines the altitude to which we could reach. Attitude can either be positive or negative. Positive attitude can have a significant positive impact on quality of life, be it personal or professional. A positive attitude is open, passionate, focused, and has many other attributes that lead us in the direction of creative success.

Friends, we are witnessing change that is dynamic and occurring at the speed of light. Such change becomes meaningful only when we keep pace, adjust and sail through. This certainly requires a positive attitude which once developed, we find positive energy flowing around us.

Having shared my thoughts, I wish to inform you about the developments during the month in the following paragraphs :

ICSI WELCOMES MR. SACHIN PILOT, HON'BLE MINISTER OF STATE FOR CORPORATE AFFAIRS (INDEPENDENT CHARGE)

We extend our heartiest congratulations and felicitations to Mr.

Sachin Pilot on assuming the office of Minister of State for Corporate Affairs (I/C). We are sure that Company Law Reforms process will continue to provide conducive environment for the growth of Corporate Sector with emphasis on self regulation and good corporate governance, under the dynamic leadership of new Minister.

We also wish to express our sincere thanks and gratitude to Dr. M Veerappa Moily for his guidance and blessings for the growth and development of the profession of Company Secretaries, and congratulate him on assuming the office of Union Minister of Petroleum & Natural Gas, Government of India.

NEW SYLLABUS

The quality of syllabus of a profession like ours is the barometer of the quality of its product. In view of deep and diversified operations of Indian corporates and new economic realities, the profile of responsibilities of and expectations from professionals is expanding fast. It becomes, therefore, necessary that the syllabus remains compatible with changing corporate paradigm and expectations of service seekers. It is in this context, the Council of the Institute has approved the new syllabus for Executive and Professional Programmes, which is contemporary in approach and global in perspective. The new syllabus has been given contemporary spirit by incorporating Electives at the Professional Programme level.

The new syllabus with greater emphasis on due diligence, financial management, compliance management, corporate governance, sustainability and ethics, etc. comprises Seven papers at Executive Programme and Nine papers at Professional Programme level including one Paper to be opted by the students out of five elective papers namely, (i) Banking Law and Practice; (ii) Capital, Commodities and Money Market; (iii) Insurance Law and Practice; (iv) Intellectual Property Rights-Law and Practice; and (v) International Business-Laws and Practice.

The Council has decided to implement the new syllabus for Executive Programme w.e.f. February 1, 2013 and the Professional Programme w.e.f. September 1, 2013.

STAKEHOLDER CONSULTATION THROUGH TELECONFERENCING

You will appreciate that the Institute has been taking initiatives in the larger interest of the profession, through consultative process by inviting and considering the views of the members, students and other stakeholders. As part of good governance process, the Institute has recently initiated the process of periodical teleconferencing between the Headquarters and Regional Councils and Chapters, to understand and resolve day to day matters pertaining to members, students including administrative matters. I am pleased to inform you that the response to this initiative has been very encouraging. I request members of the Regional Councils/members of the Managing Committee of Chapters including EOs and other officials to connect through teleconferencing and make full use of the facility.

40TH NATIONAL CONVENTION

The 40th National Convention of Company Secretaries was successfully organised on October 04-06, 2012 at Aamby Valley on the theme 'Vision 2020: Transform, Conform and Perform'. Mr. M V Tanksale, Chairman & Managing Director, Central Bank of India and Chief Guest at the Inaugural Session emphasized that transformation, conformation and performance are to be



achieved together and that the innovation and adaptability are the necessary attributes in the process of transformation.

Dr. Anand Deshpande, Founder, Chairman and Managing Director, Persistent Systems Ltd., and Chief Guest at the Valedictory Session called upon the Company Secretaries to work with entrepreneurs as team, create awareness about regulatory developments and advise on initiatives towards acceleration of growth, leveraging of technology and corporate governance. Mr. Saji Cherian, Head-Listing, Compliance and Corporate Services, MCX Stock Exchange delivered the Special Address.

The presence of impressive number of delegates from different parts of country and sister professional bodies abroad made the convention a memorable event. The deliberations by experts and professionals representing cross section of policy makers, the government, industry, professionals and academicians resulted in generation of immense wealth of knowledge and ideas towards ways and means for the profession of Company Secretaries to transform, conform and to perform in a dynamic business environment.

I take this opportunity to express my thanks to all my professional colleagues and their families for making the Convention a grand success.

ICSI CORPORATE GOVERNANCE AWARD-2012

The process of evaluation of First Questionnaire for ICSI-National Award for Excellence in Corporate Governance for the year 2012 has been completed. Based on this evaluation, the Second Questionnaire was sent to short listed companies and evaluation of Second Questionnaire is in the process.

The Jury comprising eminent personalities under the Chairmanship of Hon'ble Mr. Justice M.N. Venkatachaliah, former Chief Justice of India will meet on November 17, 2012 at New Delhi to adjudge the Award Winning Companies. The Award function of ICSI National Award for Excellence in Corporate Governance, 2012 is scheduled to be held on December 21, 2012 at Kolkata.

LONDON GLOBAL CONVENTION

I alongwith Mr. Gopalakrishna Hegde, Council Member of the Institute visited London to attend the London Global Convention 2012 organized by the Institute of Directors (IOD) India. The theme of the Global Convention was 'Corporate Governance Perspective & Sustainability Challenges'. During the convention, I met the Legendary Prof. Mervyn E. King SE, Chairman of the King Committee on Corporate Governance, South Africa and Mr. Ola Ullsten, Former Prime Minister of Sweden. I also met Rt. Hon'ble Baroness Verma, Parliamentary Under Secretary of State for Energy and Climate Change, Government of UK, Mr. Amitabh Jain, IAS, Minister (Economic), High Commission of India in UK, Dr Charles Tannock MEP, ECR, Spokesman on Foreign Affairs in the European Parliament; Dr. Graham Wilson, Leadership and Organisation Development, Oxford, UK.

During Convention, I also interacted with eminent faculty, speakers & experts on the Corporate Governance and Sustainability from different jurisdictions including UK, New Zealand, UAE, Sri Lanka, Belgium, Switzerland, Italy, Greece, France, Australia, etc. I made a presentation on the initiatives of

ICSI in promoting good corporate governance and sustainability in India in the Valedictory Session.

OECD ASIAN ROUNDTABLE

I alongwith Vice President Shri S. N. Ananthasubramanian participated in Asian Roundtable on Corporate Governance organized by OECD in Tokyo, Japan on 24-25 October 2012 to discuss the emerging issues, development & challenges in corporate governance in Asian region. The Roundtable was co-hosted by the Financial Services Agency (FSA), Government of Japan in partnership with the Tokyo Stock Exchange.

The meeting provided an excellent opportunity to interact with a number of representatives of other countries and put across to them the various initiatives of ICSI.

I also met, Mr. Toshio Oya, Assistant Commissioner, International Affairs FSA on October 23, 2012. During our meeting, we discussed the role of ICSI in promoting Good Corporate Governance in Japan with the guidance and support of FSA and Tokyo Stock Exchange.

CSIA COUNCIL MEETING

The ICSI delegation comprising Mr. S. N. Ananthasubramanian, Vice President and Mr. Gopalakrishna Hegde, Council Member of the Institute visited New York to represent the ICSI at the 5th CSIA Council Meeting held on 20th October, 2012 at New York (USA). During the meeting the important issues like 2nd CSIA International Conference, Corporate Secretaries toolkit, appointment of CEO, election of Office Bearers for the year 2013, Statement of Accounts, etc. were discussed.

ICSI delegation also attended CSIA 2nd International Roundtable Meeting held on 17th October, 2012, to further develop the Universal Corporate Governance Principles in particular by gaining input from governance experts in North America as well as CSIA member organizations.

The ICSI delegation also attended the Regional Fall Conference organized by Society of Corporate Secretaries & Governance Professionals, USA on 18-19 October, 2012. On the sidelines of the conference, the ICSI delegation also met, Mr. John Sexton, President, New York University (NYU) on October 19, 2012 to explore the opportunity for mutual co-operation and partnership for joint research etc. between the two institutions. During the Meeting ICSI delegation apprised the NYU officials about the ICSI corporate governance initiatives.

With kind regards,

Yours sincerely,

New Delhi
October 31, 2012

(CS NESAR AHMAD)

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Articles

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Company Secretary - A Key Managerial Person

With corporate governance gaining ascendancy all over the world following a series of corporate frauds compliance with corporate governance norms have been made mandatory. Company secretaries as key managerial personnel will have a far more important role to play in ensuring all such compliances.

The present status of Company Secretaries who are the officially accredited "housekeepers" of Companies has been acquired the hard way. The Companies Act 1956 defined in Section 2(45) the Secretary as an individual to perform the duties of a secretary and any other purely ministerial or administrative duties. The new Companies Bill 2011 (now before the Parliament) vide clause 203(1) has accorded an exalted status to the Company Secretary bracketing him as a key managerial person along with the Managing Director/CEO. Company Secretary's appointment under the new Bill will be effected only by means of a resolution of the Board of Directors.

Thus, the profession of Company Secretary has climbed the top of the professional ladder in these last 55 years, a situation never contemplated by the Founding fathers. Far from being dubbed as a subordinate officer, he is now elevated as a key managerial personnel, superseding his recognized role as a Principal Officer. In the early nineteenth century, the functions of the Company Secretary as contemplated by the Acts were administrative and not managerial, and the secretary should not assume an executive or managerial power in the absence of express authority. Lord Esher, M.R. in *Barnett v. South London Tramways Co.* (1887) 18 Q.B.D. 815 held the view that a

Secretary is a mere servant. Even in 1928 the House of Lords in *J.C. Houghton and Company v. Nothard, Lowe and Wells Ltd* (1928) L.R. (A.C.) 1 reaffirmed the earlier view that as an arrangement which was entered into by the company was not ratified by the company through its Board, then learned Law Lords said that the arrangement contained was not authorized by the respondent company.

From 1887 to 1906 Courts uniformly took the view that a Company Secretary fulfils a very humble role and had no authority to make any contract on behalf of the company. A striking departure was made in *Panorama Developments (Guildford) Ltd v. Fidelis Furnishing* (1971) when Lord Denning and Lord Justice Salmon enhanced the Company Secretary's status by stating thus:

"Times have changed; a company secretary is a much more important person nowadays than he was in 1887. He is an officer of the company with extensive duties and responsibilities. He is no longer a mere clerk...He is certainly entitled to sign contracts in the administrative side of the Company's affairs..."

Lord Solman L J after caricaturing in similar terms the office of secretary stated that "the secretary is the chief administrative officer of the company".

A further recognition of the position of the Secretary came from the Supreme Court's decision in *Turner Morison v. Hungerford Investment Trust* AIR 1972 SC. In this case the secretary was held responsible for all the costs of a litigation in which he had signed the plaint.

There are several reasons for this change in the status of Company Secretaries. Firstly, the major impetus for economic development in the less developed countries came at a time when large scale changes in technology were already underway. The main thrust of economic development came from Companies which were not only able to



exploit the new technology but were managed by groups of men well versed in the associated industrial technologies. The Company Secretaries in large companies took on gradually the functions of coordinators of the multitudinous subordinate executive decisions. Secondly, the rapid change in the character of social and economic policy aligned with the policy of economic development in our country has cast additional responsibilities on the corporate sector. Company Secretaries thus have to pay due regard to the impact of multiple factors on the internal administration of these companies.

The need for developing the profession of Company Secretaries was widely recognized in the country culminating in the Government of India setting up in 1960 an Advisory Board to evolve and implement a Government Diploma in Company Secretaryship. The Advisory Board comprised of eminent experienced Company Secretaries from leading Business Houses in India. They formulated the syllabus for the Company Secretary examinations to be conducted for the first time in India, and the successful candidates were awarded Government Diploma in Company Secretaryship (GDCS).

The first such examination was conducted in 1961. It was this essential groundwork in the early sixties that provided the necessary foundation for the present fledgling Institute of Company Secretaries of India. When the nucleus of GDCS Members were available during the period of 8 years, the Government set up on 4 October, 1968 the Institute of Company Secretaries of India as a Section 25 Company. The Institute so set up assumed control of all the functions the Government was carrying out for conducting the examinations for Company Secretaries. As this form was temporary in character, in line with the status of the other two professional institutes viz. ICAI and ICWAI, the Government converted the Institute as a Statutory Institute in 1980 under an Act of Parliament.

Even prior to the conversion of the Institute as a Statutory one in 1980, the Government held the baby in its cradle and issued instructions to all Ministries/Departments in the Central Government to appoint GDCS Members as Company Secretaries in all the Public Enterprises. This was a major thrust and initiative in positioning indigenous Company Secretaries in the Public Sector in India. This led to the insertion of Section 383A in the Companies (Amendment) Act, 1975 providing for mandatory appointment of Company Secretaries in companies having a paid up capital of Rs 25 lakhs and above.

With corporate governance gaining ascendancy all over the world following a series of Corporate frauds compliance with corporate governance norms have been made mandatory. Renowned Committees such as Cadbury Committee, Kumarmangalam Birla Committee, Naresh Chandra Committee, to name a few, all unanimously advocated stringent corporate governance norms, many of which are now in the Companies Bill, 2011 pending in the Parliament. Indeed, the Cadbury Committee has eloquently emphasized the significant role of the Company Secretary in company management "The company secretary has a key role in ensuring that board procedures are both followed and regularly reviewed. The Chairman and the board will look to the company secretary for guidance on what their responsibilities are...and how these should be discharged. All directors should have access to the advice and services of the company secretary and should recognize that the chairman is entitled

Even prior to the conversion of the Institute as a Statutory one in 1980, the Government held the baby in its cradle and issued instructions to all Ministries/Departments in the Central Government to appoint GDCS Members as Company Secretaries in all the Public Enterprises. This was a major thrust and initiative in positioning indigenous company secretaries in the Public Sector in India.

to the strong and positive support of the company secretary in ensuring the effective functioning of the board".

The second innings of the Company Secretary as a practitioner is the most innovative and pioneering initiative of the profession. The first such, provision in Section 383A of the Companies Act, 1956 requiring every company with a paid up share capital of less than Rs 5 cr but exceeding Rs 10 Lakhs was to obtain a certificate from a practising company secretary on compliance with the provisions of the Companies Act. This has since been enlarged where the practising Company Secretary is now authorized :

1. to issue pre-certification of various e-forms/LLP Forms/DIN certification
2. to certify compliance with Buy-Back of Securities Rules, 1999
3. to appear before National Company Law Tribunal (proposed under the Companies Bill), Company Law Board, Tax Authorities, Reserve Bank of India, Enforcement Directorate, Competition Commission, Export Import Authorities, SEBI.

These areas have been further incorporated in clause 204 of the Companies Bill, 2011 providing for secretarial audit in companies of a particular size by a Company Secretary in practice.

SEBI in exercising their power under clause 49 have already gone ahead in stipulating several of the unanimous recommendations of the above Committees. The stringent compliance norms and penalties for failure to comply have cast additional responsibility on the Company Secretary, with the result that the Practising Company Secretary has now established themselves as an important aid for CG compliance. The new Bill under clause 204 is mandating all listed and other companies of a particular size to annex to their Board Report, a secretarial audit report from a practising company Secretary. Thus, India will be the first country in the world to have a secretarial audit report from a practicing company Secretary.

The Bill further under clause 205 specifies the functions of the Company Secretary.

It must thus be acknowledged that the new Bill seeks to strengthen the position of the Company Secretary, and according him the status of a Key Managerial Personnel is the icing on the cake. The Secretary for a long time has been the Cinderella of the corporate scene.

Cinderella has at last been liberated. It is time that the new position is properly recognized. Fortunately the new Companies Bill, 2011 at last confers the belated recognition to the Company Secretaries in the corporate world.



Articles

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Managing Organisational Change: Some Critical Questions

Coping with change will be one of the management challenges of the new millennium. This article presents a paradigm of change management which can help managers in integrating with stability and learning.

One of the most debated and discussed subject in the current management literature is the idea or concept of "change" and how to manage change. It is said, "change is the only constant," and effective management of change will be one of the primary success-factors of the future world. The company secretary of the future must take note of this factor of change and incorporate it in his professional makeup. The new company secretary is trying to reinvent himself as the administrator of corporate governance and management of change will be an important part of governance in the future world. Another factor which the company secretary will be called upon to deal with in the future is sustainability. Here again the new company secretary must lean to view sustainability in a wider perspective in terms of how to steer sustainable change in the organisation, reconciling factors of change and with that of stability. So apart from his

traditional roles like portfolio management and legal compliance, the company secretary must understand the implications of a changing and learning organisation in discharging his profession.

In the future, companies have to cope up with two types of changes: first is the change within the organisation and the other is the change in the external environment. In this article, we will examine the problem of coping with changes within the organisation, based on some important questions raised by the well-known strategy consultant and business writer, Roward Gibson, in a book edited by him. This article explores these questions in the light of emerging perspectives and an integral approach to management.

Changing Mental Models

How do we go about changing our mental models into one that are more systemic in nature, so that we can learn to look at the whole and not just at some part of it that needs to be fixed?

"Mental Model" is a term coined by the well-known Management Guru Peter Senge, a leading exponent of the concept of "Learning Organisations." Senge defines a mental model as, "constructions, internal pictures that we continually use to interpret and make sense of the world." When we examine carefully our mental construction and images we will find most of them are narrow, fragmented and self-centred. We tend to focus

* Past President, The Institute of Company Secretaries of India.



on a single part as if it is the whole and refer everything to our own self-interest. But such thinking is not favourable to success in the future world which is becoming increasingly interconnected and interdependent. To be successful in the future we have to think holistically which means as Peter Senge describes: "We have to develop a sense of connectedness, a sense of working together as part of a system, where each part of the system is affecting and being affected by the others and where the whole is greater than the sum of its parts."¹ How to build this holistic mindset in the individual and the organisation? It requires a system of training, education and mentoring with the following objectives:

- a) Each individual is trained to think she is part of a larger group which in turn is part of a still larger whole and so on.
- b) Making each individual aware of her mutual interdependence and connectivity with other individuals and understand the consequences of her actions and decisions on others and the larger whole.
- c) Each group or division in the organisation has to be made aware of its mutual connectivity and interdependence with other groups.
- d) Awakening each individual and the group to the idea that their wellbeing, progress and effectiveness depends on the wellbeing, progress and effectiveness of the larger whole.

For the leaders of the organisation, this awareness of the connectedness, interdependence, wholeness has to extend beyond the boundaries of the organisation to the other stakeholders like the customer, suppliers, community and the natural environment. Many of us who work in organisation as members, managers or leaders may be vaguely or subconsciously aware of this connectedness or interdependence. The aim of a holistic education is to make this awareness fully conscious and concrete and make people aware of its practical consequences for decision-making and action.

However to fully internalize the holistic perspective it should not remain merely as an abstract idea in the upper layers of the mind; it must percolate into our feelings and sensations. The faculty of Imagination can be a great help in making the abstract idea concrete to the mental sensation, which in turn can evoke the corresponding emotions. We must learn to project, expand and widen our heart and mind into the larger whole and feel our own small self disappearing into it or feel it as a part of our own higher and larger self beyond our ego.

The Role of Technology

What kind of role will technology play in the business transformation process?

First of all we have to define what we mean by technology. In a broader perspective it includes not only what is traditionally called

In business, what is equally or even more important than scientific and technological break-through in R&D laboratories, is how technology is used for enhancing organisational effectiveness or serving the changing customer needs.

as technology but also management techniques like TQM or Six Sigma and also every form of innovation which leads to improvement in efficiency, productivity or speed. In business, what is equally or even more important than scientific and technological break-through in R&D laboratories, is how technology is used for enhancing organisational effectiveness or serving the changing customer needs.

Most of us who are part of the corporate world know what technology can do in enhancing efficiency and productivity. However, apart from these wellknown gifts of technology, it can bring two more important benefits to the workplace. First benefit is greater empowerment of the force. Information-technology can be a powerful instrument for empowering the work-force at all levels by its potential for extensive sharing and distribution of knowledge and information to all. By providing the workers at the lower level with the knowledge and information needed to make quick decisions, IT can lead to what some management thinkers called as "distributed leadership." In other words, IT can be a great help in delegation and devolution of power to lower levels of the work-force, provided management is willing to let go some of its powers.

The second benefit is better customer service. The new technology is already revolutionising customer service. It is creating a new phenomenon called by some management pundits as "Mass Customization" which means the ability to serve the specific and unique needs of individual customers in the mass. In the earlier era, if you want to serve the individual needs of the customer, you can reach only a few people. On the other hand, if you want to serve a large number of customers then it can only be uniform in the mass. But now new technology enables companies to serve the needs of individual customer in a large scale. A customer can now sit in front of a computer terminal and design his own car, fridge, a cycle or an apparel according to his unique tastes or needs and get it delivered in a few days thanks to computerized manufacturing. For example, Japan's National Bicycle Industrial Co. dealers send the company factory a set of specification based on customers requirements for model, colour, components and personal requirement. And within a day, the

¹ Peter Senge, 'Thought the Eye of the Needle,' Rethinking the Future ed. Rowan Gibson, Nicholas Brealey Publishing, London, 1998, p. 122-46



Articles

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cycle, precisely made to fit individual customers requirements, is finished, packed and ready for shipment. Similarly, many retail firms in the West regularly track and analyse the buying patterns, habits and tastes of individual customers through advanced IT systems and device their sales, marketing and customer strategies accordingly.

However in a deeper perspective, technology cannot bring any lasting and enduring transformation to human systems. Interestingly, Peter Senge, the well-known Management Guru, said in an interview: "Many people seem to believe that technology is the major driver of change – that is a conventional cultural story in industrial societies. Personally, I think that only the most superficial changes are being brought about by technology" and quotes his mentor, Jay Forrester, a pioneer in digital computing, "Technological progress is more or less a production process – if you put more money and good people into a particular area where there is a solid foundation, technological progress is more or less guaranteed. The really big issues facing mankind concern our inability to understand and manage our complex human systems."²

Thus, even technology may get one day "commoditized" and cease to be a factor of competitive advantage. The success-factor of the future lies in understanding and transformation of complex human system. The key of this transformation lies in understanding how to internalize and organise Ideas or Values which lead to a deep and radical transformation in human consciousness. Here comes the importance of the principles and methodology of Indian yoga which can provide a scientific, systematic and practical path for achieving this inner transformation based on a deep understanding of human psychology. For, as Sri Aurobindo points out, yoga is nothing but "practical psychology."³

The Art of Decentralisation

How do we go about creating a radically decentralized network organisation?

Decentralised government is essential for unleashing the creativity of individuals and groups. However, a certain amount of centralized direction or control may also be necessary for effective governance. There are five factors which needs careful attention for effective decentralization:

- i) **Clear understanding of what has to be centralized and decentralized:** Each organisation has to decide what are the factors which need to be centralized or kept under the direction and control of top management and what are the

The success-factor of the future lies in understanding and transformation of complex human system. The key of this transformation lies in understanding how to internalize and organise Ideas or Values which lead to a deep and radical transformation in human consciousness.

- ii) **Building uniting principles:** Without building factors which unite the organisation and the people around some common principles, decentralization will lead to disintegration of the organisation. These principles can be a mission, vision, a system of shared values or a common goal.
- iii) **Divisional autonomy:** Each division of the organisation has to be given sufficient freedom and autonomy to achieve their goals with minimum interference or control from above.
- iv) **Borderless connectivity and interaction:** There must be a free and vigorous interaction in the form of sharing of ideas or best practices with other parts or divisions of the organisation. Information Technology provides the technological tools for arriving at the highest level of connectivity with the rest of the organisation.
- v) **Fostering Self-managing teams:** Wherever possible, especially in the domain of frontline employees who are in direct contact with customers, self-organising teams have to be formed with maximum freedom to decide, plan, organise their work and achieve their goal with minimum supervision or interference from hierarchical authority. For example, in Ritz Carlton, the frontline team made of the desk manager, chef, janitors, receptionist, stewards, housekeepers, are given full freedom to organise and deliver customer service with only some broad guidelines. However, we must note here that freedom alone is not enough for effective functioning of a self-managing team. The members of the team should be given sufficient training, knowledge, information and skill to do their work.
- vi) **Enforcing Commitment to Goals:** Autonomy, self-management or empowerment becomes effective only when there is strong commitment to achieve well-defined organisational goals. This commitment has to come voluntarily from within the team member who has to achieve the goals and not authoritatively imposed from above. In other words, these goals have to be set or rather evolved through a process of dialogue, discussion and consultation with the team members.

² Peter Senge, 'Thought the Eye of the Needle,' Rethinking the Future ed. Rowan Gibson, Nicholas Brealey Publishing, London, 1998, p. 122-46

³ Sri Aurobindo, Collected Works, Synthesis of Yoga, Vol. 23-24, p. 44, Sri Aurobindo Ashram, Puducherry, 1972.



Higher Purpose beyond the Bottomline

What is it that truly binds a network organisation together? Is it merely information technology? Or does it require something deeper and far more meaningful?

Mere information cannot bind the organisation together. As we have indicated earlier, it requires uniting principles like a vision, mission, values or a purpose. For the higher motivation of employees and long-term effectiveness of the organisation, these principles should have a moral or spiritual element that transcend the economic or monetary aims, interests or needs of the individual or the organisation and related to the wellbeing of the larger community. This is now beginning to be recognised in management. As the eminent British Management thinker, Charles Hardy points out: "If you want to retain people, you've got to create a cause" and this cause has to be a "purpose beyond oneself."⁴ Similarly another well-known management thinker, Rosabeth Moss Kanter states in an article in Harvard Business Review: "Articulating a purpose broader than making money can guide strategies and action, open new sources of innovation and help people express corporate and personal values on their every day work."⁵

Creating New Knowledge

How does a company make the shift from just spreading information around a network to building new knowledge?

In the corporate world, terms like 'knowledge-economy' or 'knowledge-society' is associated with Information Technology.



But IT can only help in efficient or productive organisation or spreading of information but cannot create new knowledge. In the future, advancement in the technology of Artificial Intelligence may create "Thinking Machines" which can do some form of human-like thinking. But still, new ideas which lead to breakthrough innovations or radical changes in the quality of human life have to come from the creative layers of the human mind. As Peter Drucker once said, success in the future world of business lies not in information technology but in "cognitive sciences" which means understanding, developing and harnessing all the faculties of knowledge within our consciousness.

Our human reason is undoubtedly one of the faculties of knowledge. But our potentialities of knowledge are not confined to reason. In fact the creative potentialities of reason are quite limited. As we have indicated earlier, Artificial Intelligence systems can perhaps do most of our reasoning in the future. This doesn't mean rejecting reason. Our thinking and reasoning mind is an important instrument for expressing and organising knowledge. So development of the thinking intelligence is indispensable for building a culture of knowledge. But for creating new knowledge which goes beyond the capabilities of reason we must also develop the following extra-rational faculties of knowledge:

Power of self-observation or mindfulness which means the ability to observe our cognitive process as a detached witness.

Power of Concentration which gives us the ability to focus of our attention at a single point or idea or activity.

Faculties of Imagination for visualizing unmanifest and unknown possibilities or converting abstract ideas into concrete images.

Faculty of Intuition which provides direct insight into the deeper, invisible or holistic truths, patterns or forces behind the visible forms, information or appearances.

For building an innovative organisation which constantly creates new knowledge, development of these extrarational faculties has to be incorporated into the training programmes of employees at all levels.

Building the Learning Organisation

How to build a learning organisation and create a learning architecture?

The concept of "learning organisation," is a new idea in management with a lot of potential for bringing creative change in an organisation. Peter Senge, a leading exponent of the concept, defines learning as "building the capacity to create that which you

⁴ Charles Hardy, 'Finding Sense in Uncertainty,' *Rethinking the Future* ed. Rowan Gibson, Nicholas Brealey Publishing, London, 1998, p.16-33

⁵ Rosabeth Mass Kanter, 'How Great Companies Think Differently,' *Harvard Business Review*, November, 2011, p. 50-62



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previously couldn't create."⁶ This means in a learning organization, knowledge is constantly generated and applied for the betterment or progress of life.

The process of learning has three components: knowledge, skill and progress. In a broader perspective that goes beyond the corporate bottomlines, knowledge means understanding of the laws, principles, aims, values, methods, process and the causative forces of life or the segment of life which is understudy, in other words, Science of Life. The word "Life" includes the life within us, in our own self and the life of the world around us. Skill means the ability to apply this understanding for the progressive improvement, enrichment or transformation of life, Technology of Living. In a modern organization the object of knowledge is the segment of life within the organization and the life of the larger environment economic, social and natural of which it is a part. The nature of knowledge depends on the nature of vision, values, goals and needs of the organization.

A learning organization has to pursue knowledge and skill simultaneously. Seeking truth and knowledge for its own sake has its validity in education, research and philosophy. But in a pragmatic institution like business a mere accumulation of knowledge without result-oriented application is a waste of cognitive energy. On the other hand mere multiplication of skills and techniques without an expanding base of knowledge and an enduring foundation of uplifting values, leads to a soulless mechanization of life.

This learning has to be progressive, which means there must be a constant quest for a deeper, wider and a more holistic understanding of life and its application for a corresponding enrichment of life. The individual or organizational learner must constantly seek to understand the deeper and inner sources and causes of things, events, problems and phenomenon of life. And finally, the learner has to look within himself and try to understand the inner sources of knowledge, skill and action.

This brings us to the question as to how to create an environment favourable to this constant and continuous learning. According to Peter Senge, effective learning requires a 'learning architecture' made of "practical experimentation and testing, capacity building and diffusion and standardisation." The first requirements are "learning laboratories" where new ideas can be tested and experimented without the daily pressures of the target-oriented corporate environment. The second factor is training programmes which build new skills or capabilities. The third factor is a scrupulous documentation and standardisation of the learning process and makes it accessible to all. The other important factor is a culture of sharing knowledge, teamwork and cooperation

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where people are genuinely interested in helping one another develop new capacities for action.

Balancing Continuity with Change

How can companies balance the need for radical change with the need for strategic continuity?

The strategic continuity comes from shared Values or guiding Principles and the source of radical change in Innovation. For building an enduring foundation, the guiding principles or values of the organisation should be in harmony with the universal laws of life and the higher nature of human being, which is the source of all nobler aspirations of humanity like truth, beauty, goodness, harmony, unity. But these higher values have to be adopted or modified to fit in with the unique nature of the group or organisation. A business firm which wants to build its culture based on these higher values, has to figure-out what is the meaning of these values or what forms they should take in its organisation, and in the various functions of the organisation like finance, production, marketing. For example, what is the meaning of truth or beauty in finance? On the other hand radical change requires building a culture of creative thinking which leads to break-through innovations. This requires an environment which fosters the following factors:

- ◆ Freedom of expression in thought and speech
- ◆ Free and fearless enquiry and questioning of the underlying assumption and the *status quo*
- ◆ Experimental learning through trial and error, mistakes and failures
- ◆ Alert and flexible adaptation to the changing realities of the environment like for example customer needs and tastes, demographic changes
- ◆ Development of creative faculties like intuition, imagination, concentration and mindfulness, which we have discussed earlier

Thus we can see that strategic continuity through values and radical change by innovation are not contradictory factor but can complement each other. All major strategic decisions on the type or nature of innovations to be pursued have to be guided by organisational values. And an innovative culture can be a great help in implementing values in the corporate life.

⁶ Peter Senge, 'The Art and Practice of the Learning Organisation', *The New Paradigm in Business*, ed. Michael Ray and Alan Rinzler, World Business Academy, 1993, p. 126-34.



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Attitudinal Shift in the Functioning of Corporates as well as Corporate Professionals

In today's fast changing world, to be a successful professional and a successful organization, positive attitude is required on the part of both corporate professionals as well as corporates. What ought to be done to bring about such attitudinal shift, is briefly outlined in this article.

"Attitude almost always decides your altitude".

Attitude is a way to look towards the world at large. It is a mindset and perception that builds attitude. Upbringing of a person matters a lot. It is the evaluation and associated beliefs and behavior towards others. It is an expression of favour or disfavor towards a person, place, thing or event.



Attitudes keep on changing. The communication and behavior of other people are subject to change by social influences, as well as any individual's motivation to maintain consistency when attitudes and behavior conflict.

Attitudes also change with the age of a person, his experiences in life, circumstances around him and so also from one generation to the next. A taboo in grandma's times suddenly becomes a fashion for a granddaughter, while daughter hates that.

Corporates, Corporate Attitude and Corporate Professionals

The word 'corporation' is derived from 'corpus', the Latin word for 'body' or 'body of people'. A corporate can be said to be made of the people who work together for a common cause. In common parlance it is a body of individuals registered under the appropriate law with a perpetual existence and independent legal personality. Though recently some courts have taken a different view it is believed that a corporate has no body, no mind, no heart, hence no perceptions or attitude, no *mala fide* / *bona fide* intentions. It is the attitude of the promoters / directors, CEOs and CFOs that matters and makes attitude of a corporate. Attitude of the people at the helm of affairs of a corporate decides the attitude of the corporate. As the concepts like

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'society', 'public interest', 'common good' is intangible but not fictitious so is the case of 'corporate'. Attitude of the corporate leaders becomes the 'corporate attitude'. At time the leaders within a given corporate may cause a change for corporate attitude. Sometimes it could be the Chairman or a Managing Director or a promoter who runs a puppet show of the Board of Directors. These days everyone talks a lot about good governance, transparency and being honest. When it comes to actual practice, one starts giving excuses from acting as such and blame is often passed on to the circumstances and systems. It has been told in the Mahabharata that 'a leader should not complain of bad environment and systems but should change those'. It is absurd when we hear a home minister making appeal to the people at large to change the system of maintaining law and order or a chancellor of university sharing dais with Chief Minister talking about deteriorating levels in educational field.

Many a times, corporate attitude and corporate culture gets blended. Culture and behavior reflects the attitude that is brought to work every day - the way one thinks and the way one acts.

Corporate professionals are all those who have a say in the functioning and decision making of a corporate - be it company secretaries, chartered accountants, cost and management accountants or an MBA or a technocrat, may be a chemist, scientist, physicist or an engineer.

Shift - the big change

As is said , change is the only constant.

Postcards have gone, e mails have come. Trunk calls have gone, missed calls have come.

Land lines have gone, smart phones have come. Book-racks have gone, CDs have come.

Bicycles have gone, bikes have come. Typewriters have gone, Palmtops have come.

Joint families have gone, one man families have come.

Devotion in festivals has gone, loud celebrations have come.

Freedom fighters are forgotten, cricket players are remembered.

Teachers are forgotten, Bollywood celebrities are followed.

Ideals have changed, idols have changed, fashions have changed, standards have changed, monthly packages have changed, shopping styles have changed, social manners have changed, priorities have changed, objectives have changed, role of grandpa and grandma has changed, perception of grandson and granddaughter has changed.

Whether such change is good or bad depends on how one looks at it. As is said 'Phenomenon changes with the scale of



observation'.

However one must remember that basic values, principles of ethics and morality can not and should not change.

Appearance may have changed but physiology has not changed, Menu card in a hotel has changed but need for proteins, vitamins and carbohydrates has not changed.

Way of expression may have changed but love of a mother or concern of a father for her / his child has not changed. Causes of death have changed but the fact of mortality has not changed.

Temptations are too many in variety and volume. One can avoid anything but temptations.

New generation appears to have become more materialistic with few exceptions.

Professionals have become techno savvy and have realized the need to continuously update themselves and have good infrastructure to serve their clients. Practicing as CS or CA or a doctor or an Advocate has become capital intensive which generates need for more money and one changes his belief of being slow and steady and wants to be fast and faster. In order to survive competition, one tends to compromise with values and ethics. Such change is undesirable.

Shift in economic policies affecting corporates and corporate professionals and their attitude

If one compares two important time slots of the Indian economy- the last decade of the 20th century and the first decade of the 21st century, one finds a sea change in the ambience. It would be interesting to understand the shift in economic policies in the country and its effects on corporates, corporate professionals and their attitudes.

The last decade of the 20th century brought about reforms in the Indian economy. The beginning of this decade saw end of the license-raj, decreased government interference, opened economy, massive privatization and liberalization. Changes in various corporate laws were brought about. Foreign Exchange Regulation Act gave way to Foreign Exchange Management Act; it became easier for the foreign companies and collaborators to enter India and set up businesses here. MRTP got diluted and later got dissolved. Far reaching changes were brought about in the Company Law. Self certification, self declaration and self discipline became order of the day.

Entry of foreign corporate houses brought with it different sets of culture in the Indian businesses in particular and Indian society

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in general. Companies which were till then domestic affairs and were being run with the head and the heart of family members together started looking for new ways of thinking and expanding their horizons. Foreign entrants expected more professionalism in business and this led to cultural clashes at the workplace.

This can be marked as a major attitudinal shift in the functioning of corporates in India. What followed is that, with a shift in corporate functioning, corporate professionals were also required to bring about a shift in their attitude and perception. With large MNCs making their presence felt in India in a big way and with their corporate money and muscle power and at time aggressive culture the priorities changed.

Shift working was uncommon to an accountant or a purchase officer or a finance officer. He would always work in general shift from 9 to 5. Due to time difference in different countries and concept of 24x7, night shift became very common for such white collared workers more so for IT professionals.

The changes in the corporate laws have increased the penalties manifold. Day in and day out, the newspapers carry reports of economic offences by reputed corporates, persons in senior positions and the law catching up with them sooner or later. This has slowly but surely shifted the focus and it is now not sufficient to merely follow the letter of the law but also the spirit of the law. Transparency and good governance are the key words in today's times. It is not sufficient to be merely compliant with the law for the sake of it, but it is also necessary to be driven by the compliance culture in the organization.

In today's world, even family owned and managed companies have realized the importance of changing the attitude to ensure its survival and growth - be it in retaining employees, complying with the law, employee welfare, discharging social corporate responsibility or paying taxes.

As corporate professionals, we all have a very important role to play in imbibing this culture right from the initial stages. There have been times when corporate professionals themselves along with some elements from the corporates have resorted to using dubious means in making illegal and disproportionate



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gains for themselves.

Government has changed its attitude and has started believing in professionals. Approval of forms uploaded on MCA portal under Straight Through Process (STP) is the best example of such change. Needless to say this has enhanced the obligations of the professionals and they are now forced to change their casual attitude.

With this certification work coming professionals' way, the onus has surely shifted on the professionals to ensure proper compliance of law and procedures. Professionals are expected to be independent and hold an independent view and act independently. They should not be always taking instructions from their clients / employers and dance to their tunes. They are expected to form an independent opinion about their way of discharging duties.

How to survive and grow in this fast changing economic world

To survive, grow and be effective in this dynamic scenario, it is important for the corporates to change attitude to tune themselves to the following aspects:

- a. If one genuinely believes that one has reached perfection (or near perfection), do not allow any change. A step, even if taken forward, after having reached a pinnacle is disastrous. Therefore even apparently forward looking step may also be undesirable at times;
 - b. It all depends on where you stand and which side you are facing, If the direction is wrong, even a step backward would be good for the corporate or an individual;
 - c. Having ensured that one is facing the right direction and has yet to reach perfection one should be ready to change. Changes are more effectively dealt with from top to bottom. When employees see their bosses adapting to change, there is less resistance;
 - d. Change the attitude of people within and without the organization in all dealings. Let people told in clear terms: what is allowed and what is definitely not;
 - e. Be transparent in all dealings;
 - f. Start following the letter and spirit of the law;
 - g. Do things which are legal as well as fair;
 - h. Do not do things which may be legal but are unfair;
 - i. Always uphold national interest and pride;
 - j. Make the country a better, reliable and safe place to live;
 - k. Take up your responsibility towards the mankind;
- Corporate professionals should not only believe and think in a fair manner but should act as such. Unless one already has the positive and fair attitude one should try change to:
- a. Be away from lust, greed and wrath, these are the three roads leading to disaster;
 - b. Distinguish in necessities, comforts and luxuries of life; Fight for the first and not for second and never for the third;
 - c. Find time to spend money which you have earned by spending precious time;
 - d. Be independent in exercising your judgment while in employment or in practice;
 - e. Know what is right and what is wrong and why so;
 - f. Decide your loyalties - whether they are towards the company, the management, the stakeholders, the law, society or simply towards your profession;
 - g. Decide what you must do and then do it fearlessly;
 - h. Think before you act and don't act unless you think;
 - i. Create a space for family members and keep away from peer pressure, client pressure, timelines, deadlines, targets or getting excessively remunerated for shortcuts;
 - j. Avoid justifying your wrong by quoting precedence of someone else's wrong;
 - k. Maintain the highest level of integrity in all personal and professional dealings;
 - l. Shamelessly learn from others' experiences;
 - m. Know when to say 'no' and then learn to say 'no'. Push back. Even if it means losing a client, it will pay off in the long run;
 - n. Give importance to long term sustainable advantage rather than short term windfalls;
 - o. Clients respect professionals who stand to their ground in all circumstances;
 - p. Respect your peers. Let there be healthy competition;
 - q. Develop your own area of expertise and specialization and strive to be the best there;
 - r. Share knowledge and experience;
 - s. Imbibe the values and virtues in your juniors, trainees or subordinates;
 - t. Be the conscious keeper of the Board room and protector of Corporate Governance;
 - u. It is easier to change one's own attitude than that of the world.

The list could be endless. What is important to remember is that satisfaction and pleasure always comes from within. ■



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Corporate and Professional Ethics... Beyond Compliance

Explaining the importance of ethics and professionalism, this article goes further to discuss the role expected of corporate professionals and the attitudinal shift expected from Indian Boardrooms as well as Company Secretaries.

When you see that trading is done, not by consent, but by compulsion – when you see that in order to produce, you need to obtain permission from men who produce nothing – when you see that money is flowing to those who deal, not in goods, but in favours – when you see that men get richer by graft and by pull than by work, and your laws don't protect you against them, but protect them against you—when you see corruption being rewarded and honesty becoming a self-sacrifice—you may know that your society is doomed. - Ayn Rand (Atlas Shrugged).

Background

The last decade witnessed significant growth of the corporate sector the world over. While corporate governance and transparency have been trumpeted too often, a series of corporate scams, frauds and questionable practices have dented the confidence of the investors and regulators. That is not to say that everything is *hunky dory* with regard to the utilisation by public enterprises of the public resources. In India, the C & AG's investigative and damning reports on the 2G Scam, the Commonwealth Games, the Mumbai

property scam and a myriad number of other cases are pointers to improper governance, sharp practices and lack of transparency and have severely impacted the image of the country.

India has sunk in the Global Corruption Index and this is hardly surprising, given the environment that has been created across the country as more and more high-profile cases of financial irregularities (as reported in the press and electronic media) in the corporate and certain government controlled sectors have surfaced in the past few years. Of late, thanks to aggressive media coverage, corporate corruption, government investigations and excessive pay packages have been well publicised and chronicled.

Scandalous and unethical behaviour has become so prevalent that executives are beginning to painfully realise the impact of ethical behaviour on both themselves and the companies they work for. The world has become too complex and interconnected to tolerate unethical behaviour. Investors shun companies that behave poorly and view infractions with a renewed sense of caution. Good ethical approach creates a positive corporate culture that makes customers happy and ultimately makes the company more profitable.

As India Inc. globalises, there is an urgent need for an attitudinal shift in the mindset of corporate professionals and the corporate

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sector to restore credibility in the eyes of the regulators, the investing public and the world at large.

Given this background, it is time to take stock of the present scenario and the role of Corporate Professionals in these volatile times and to examine whether an attitudinal shift in the mindset of the corporate sector and professionals is desirable.

Social Responsibility and Profitability - Can they co-exist?

In an age of deeper government scrutiny of business operations, increased civil and criminal penalties for compliance failure, and heightened consumer awareness and sophistication, organizations that want to lead should realize that there is a direct link between ethics and profits. A number of social and economic time bombs need to be defused.

The social responsibility of a company also has its basis in ethics. The extent to which companies channel their resources towards an improved society is directly related to their ethical and social awareness. History shows that if left unchecked, companies will practice the minimum moral standards required which allows them to pursue profits, as long as no one is hurt in the process.

Of late, there is perceptible shift from a focus on shareholders to a focus on stakeholders. A pro-active ethical stance can improve profits and improve corporate culture. This will help in attracting and retaining the best talent, raise the prestige of the company and enhance its credibility.

The proposed provision in the new Companies Bill relating to Corporate Social Responsibility initiatives is a welcome step. The problem with corporate social responsibility (CSR) is that nobody is very clear about what exactly it covers. Companies will realize that it takes more than just Corporate Social Responsibility (CSR) for a company to earn the title of a "responsible citizen."

Professional Independence

Quite often, the subject of professional independence is debated with regard to Corporate Professionals and that of the Company Secretary in particular. It must be understood that the Company Secretary is an employee of the Company and is dependent on the company for his remuneration.

To maintain professional independence, the individual holding the position of Company Secretary must have appropriate knowledge skill set, adequate and relevant experience, ethical responsibility, integrity and a degree of doggedness and rigidity of character of "what is right" to avoid being influenced to take a questionable course of action.

To avoid conflicts of interest, the wishes of dominant individual

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stakeholders require to be set aside in favour of collective responsibility to all stakeholders in order to allow for greater transparency in the decisions taken by the Board.

The Board may take steps to protect such independence by requiring collective accountability and responsibility.

The Company Secretary should be made accountable to the Board collectively in the discharge of his duties rather than being accountable to any one individual Board member.

The remuneration committee should determine the remuneration of the Company Secretary with such recommendation being approved by the entire Board.

Professionals as Whistle Blowers

The Whistle Blowers Protection Bill had been passed by the Union Cabinet on August 9, 2010. The Bill officially known as the Public Interest Disclosure and Protection to Persons Making the Disclosure Bill, 2010 intends to protect the whistleblowers, which is a welcome move. However, it is believed that the Bill would only remain a paper tiger because firstly, its jurisdiction is restricted to the Government sector and encompasses only those who are working for the Government of India or any of its agencies. Secondly, it does not cover the employees of State Governments. Thirdly, there has been lack of adequate and informed public debate and consultation on the Bill. We hope the Bill, before it is passed, will address these requirements suitably to give it more teeth.

The concept of whistle blowing has not yet been popularized or encouraged in the corporate sector. Though many listed companies have Whistle Blower Policy in place, they have been largely ineffective and the measure of their success is not available on the public domain. The informers have to be adequately safeguarded, as they are raising "alerts" forewarning the possibility of impending frauds and doing a service to the stakeholders. Of course, informers giving false information needs to be punished.



The position of auditors, company secretaries, bankers and professional directors has to be made practically independent. Suitable provisions need to be enshrined in Corporate Legislation to protect Company Secretaries when they act as a Whistle Blower or Conscience Keeper. This will go a long way in improving corporate compliance. Lessons can be learnt from the rules and regulations of the Security Exchange Commission of USA.

Ethics

It is said that the 21st Century will be the century of ethics. When government-sanctioned or other 'official' regulations fall by the wayside, ethical standards assume greater importance. Can ethics be taught? Teddy Roosevelt said, "to educate a person in mind and not in morals is to educate a menace to society."

Ethics has divine origins. Manusmriti Samhita incorporates earliest code of social and legal ethics in India. God gave 10 Commandments to Moses. Babylonian civilisation received laws of Hammurabi from the Sun God.

All stakeholders have faith in the ability of code of ethics, which if practiced in letter and spirit can help prevent corporate mishaps. More often than not, some of the professional managers (including Company Secretaries) get involved or dragged into the management process, though few individuals are not party to such nefarious activities and discharge their duties without fear or favour.

It is heartening to note that even in the United States, considered the bastion of free enterprise, ethics-based professional standards are considered not only acceptable but also of benefit to the users.



Ronald Duska and James A. Mitchell list 5 reasons why ethical lapses occur:

- 1) Self-interest sometimes morphs into greed and selfishness,
- 2) Some people suffer from stunted moral development,
- 3) Some people equate moral behaviour with legal behaviour,
- 4) Professional duty can conflict with company demands,
- 5) Individual responsibility can wither under the demands of the client.

All professional Institutes have adopted a Code of Conduct and their members are expected to abide by the Code. Good ethical standards will have to come from within and Company Secretaries will have to ensure that they maintain high levels of ethics and right conduct in discharging their duties.

Practitioners... Profits or Professionalism?

Practising Professionals function with the twin objectives of serving the needs of clients and making profits. The two objectives can sometimes be at odds, yet professional service firms have to do both. Legal, accounting, and other practising professionals, traditionally ruled by professional logic have shifted towards a commercial ethos.

Due to changes in their business environment, professional firms may tend to behave more like regular business organizations, with the primary objective of improving economic performance. Unfortunately, this new style of functioning may result in more professional misconduct.

The new Companies Bill proposes to enhance corporate transparency and disclosures with stricter penalties. These changes will bring the role of practising professionals into sharp focus, especially in the eyes of the judiciary, regulators and the general public. Appearances before Tribunals on various matters will demand in-depth knowledge of the subject, besides high standards of professional competence and integrity, both in form and in substance. Company Secretaries must seize the opportunity and exhibit the highest standards of professionalism in the discharge of their duties. They must be the drivers of change in the dynamic regulatory environment.

The Attitudinal Shift... Indian Boardrooms

A study reveals that that Indian Boardrooms are changing. They are becoming more diverse by gender, nationality and expertise. Thanks to globalisation and stiff competition, companies are being pushed to strengthen their Boards and staff it appropriately to give them the edge in the volatile business landscape.



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Corporate and Professional Ethics... Beyond Compliance

The role of Company Secretaries has changed from a "record keeper" or "compliance Officer" to that of a Key Managerial Functionary in the Corporate hierarchy. While his focus should be on Governance and Compliance, the Company Secretary must "go beyond compliance" and have a thorough understanding of the business environment in which his company operates.

The Spencer Stuart 2011 India Board Index, done annually, provides an overview of governance practices in India's largest listed companies. The study shows that four broad areas of change are emerging:

- a. Companies are increasingly splitting the role of the Chairman and the CEO - a trend which till recently was largely limited to the MNCs in India. According to the India Board Index 2011, except one company, every BSE-100 company has split the roles.
- b. A growing number of companies have a non-executive chairman. This makes for better Board governance because it allows the chairman to focus on effective running of the Board while the CEO is responsible for managing the business.
- c. Many Indian Companies are realising the need for global inputs in their Boardrooms. As a result they are actively inducting foreign directors on board. The percentage of foreign directors has been steadily going up - from 24% in 2009 to 33% in 2011.
- d. The percentage strength of women directors to the total number of directors on BSE-100 companies has been rising but slowly from around 2.5% about three to four years back to 5.51% in 2011. "

On the flip side, the resource pool of independent directors has shrunk significantly. Independent directors have become extremely wary of recent corporate misdemeanours. Many competent independent directors are therefore shying away from

accepting directorships, significantly skewing the demand and supply of Board directors. Corporates will have to do much more to provide them comfort, if they want to bring them on Board and utilise their expertise.

The Attitudinal Shift - Company Secretaries

The role of Company Secretaries has changed from a "record keeper" or "compliance Officer" to that of a Key Managerial Functionary in the Corporate hierarchy. While his focus should be on Governance and Compliance, the Company Secretary must "go beyond compliance" and have a thorough understanding of the business environment in which his company operates.

Independent Directors in Boardrooms are corporate outsiders who may not have intimate knowledge of the functioning of the Company unlike an employee or anyone who is generally familiar with the business activities of the Company. They look up to the Company Secretary for compliances or concern areas in the field of Corporate Governance or regulatory requirements. While not compromising on his role in this field, the Company Secretary should at the same time act as a facilitator in the decision making process in Board rooms.

The Companies Bill, awaiting approval of Parliament has bracketed the Company Secretary under the Key Managerial Personnel (KMP) category and his appointment must be made by the Board. The Bill has also introduced the concept of Secretarial Audit for Listed Companies. Secretarial Audit may also be applicable for such other class of companies as the Government may prescribe. Company Secretaries in Practice will have a key role to play in certification of corporate compliances. Non Compliances will result in severe penalties and/or prosecution.

The Way Forward

It is high time that we assess our professional and work ethics as many wonder if there is anything called ethics at all in India. To earn profit is not unethical, but if everyone defines ethics to suit their convenience, then ethics will have no meaning and will remain only on paper and websites. Our Prime Minister Dr.Manmohan Singh has rightly pointed out that corporate India needs to improve its ethics. The corporate sector and Professionals will do well to form a well-balanced view on business and ethics and on how to do business keeping the morality factor intact. The sooner it is done, the better for them and the country.

Acknowledgements

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Corporate Governance - Need for a Change in the Mindset

In the context of several corporate scams and failures world over, this article underscores the imperative need to bestow more attention on ethics as a tool to achieve excellence in governance.

It is exactly eleven years to the month when at the beginning of the new decade of the Twenty-first Century the corporate world was badly shaken by the Enron episode in the USA which not only saw the collapse of Enron but the disbanding of the then largest audit firm of Arthur Anderson; as if the bankruptcy of Enron was not enough it was soon to follow by the failure of few more leading American and European corporations. At that time, we in India seemed to believe that such things happen only in USA or other western economies, while we don't have any such major problem in India. This myth was shattered with the explosive admission by Ramalinga Raju on 7th January 2009 about the massive fraud perpetrated by him as the Chairman of Satyam Computer Services Ltd., till then a highly respected listed company. Satyam had been a winner of several awards for corporate governance and excellent business performance over the years. It had a board comprising highly respected

professionals who never seemed to have smelt the rat at Satyam.

In fact, Mr. Raju proved the old adage right that, "*Corporation is an ingenious device for obtaining individual profit without individual responsibility.*" He used the corporate veneer behind which he committed a massive fraud upon the shareholders as also various other stakeholders.

The Satyam episode proved that the Corporate Sector has many pretenders. Most of the Companies would like the society to believe that they are paragons of Best Corporate Governance. This reminds me of that famous Sanskrit shloka, which is as under:

*"Kakah krishna pikah krishna
Ko bhedo pika kaka yo?
Vasanta rituey,
Kakah kakah, Pika pikaha"*

The crow is black, and the cuckoo is black so what is difference between a crow and cuckoo? Well, when spring arrives, it's easy to tell who is the crow and who is the cuckoo. It is only when a SATYAM happens that we come to know who is the crow and who is the cuckoo; otherwise all of them keep on crowing that they are cuckoos.

So is the case with many a corporate which pretends to be a world class organisation only to fail the litmus test when the time

* Past Central Council Member, The ICSI



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arrives. However, by the time the truth is realized the damage would have already been done and there would be several unintended victims. Therefore, there is a need to not only sensitise the managements, but have systems in place that encourage transparency, accountability, responsibility and good corporate practices in the day to day functioning of a company.

"It is true enough said that a corporation has no conscience; but a corporation of conscientious men is a corporation with a conscience."

When a person promotes a public company, uses public funds for his business and his actions impact a large number of persons then he needs to be more accountable for his acts of commission and omission. One should not be allowed to use the cover of a corporate entity to mislead or cheat the community or the various stakeholders.

Apart from the perfunctory efforts of the Government, some leading industrialists, professionals and trade chambers have also displayed their concern for the disturbing situation in the corporate sector so far as transparency and accountability is concerned.

The issue of corporate governance has been in the realm of public discussion for the last almost two decades when it started with the Cadbury Report in UK and was shortly followed by various committee reports in India under different Chairmen like Mr. N.R.Narayan Murthy, Mr. Kumar Mangalam Birla, Mr. Naresh Chandra, etc. A large number of recommendations of all these committees have been brought on the statute by the market regulator and today they are part of the normal routine corporate practices.

One of the most significant changes that was brought in by SEBI

was the provision for having independent directors on the boards of all listed companies. Interestingly, while the term 'independent director' does not even find a mention in the Companies Act and there is no specific definition of the term, still SEBI made it compulsory for all listed companies to enlarge their boards by having independent directors.

However, Satyam happened inspite of all these changes that were effected in the corporate governance practices mandated by SEBI, thereby exposing several chinks in the armour of the corporate management. It became evident that the scale of fraud committed by the promoter of Satyam could not have been possible without the active and passive connivance of professionals involved in the day to day operations of the Company.

Where does the Corporate sector go from here?

One thing that cannot be denied is the fact that India's economic success is tied up with the performance of its corporate sector. While it is true that there are promoters who would like to use the safety and anonymity provided by the corporate veneer to enrich themselves at the cost of other stakeholders, at the same time there are others who work within the four corners of the law.

Change in mind set

If the corporate sector in India has to experience wide spread success on a sustained basis it is imperative for a change in the mind set of all the concerned players.

a) Mind set of the Government

First and foremost it is the Government that has to change its thinking; it has to shed the notion that it has to control everything. Though there has been liberalization since 1991, there are enough road blocks that seriously hamper the functioning of the economy. There is a need for less and not more governance. Irrelevant laws need to be thrown out from the statute book and greater clarity and stability be brought into the applicable laws. The recent retrospective changes in the tax laws is a classic example of creating a churning without necessarily doing any good to the country. While on the other hand, the much needed changes in Company Law have been hanging fire for the last several years denying the benefits that could have accrued to the investors in the nature of better corporate governance and enhanced investor protection.

Fewer laws with effective and speedy implementation should be the motto and not too many laws with lax implementation. In India the Government seems to believe that for every social, economic and political ill the answer lies in creating one more law. By merely enhancing the number of enactments that a corporate is required to comply with by itself will not help improve corporate governance.

There is a need to develop a system which recognises and





rewards honesty, while simultaneously comes down heavily on the offenders. Today the system is almost reverse with honest persons being bullied and harassed while the crooks continue to operate brazenly without any fear of law.

There is a strong need to bring back the fear of law in the citizens; be they politicians, civil servants and police, judicial employees or ordinary citizens; all should develop healthy respect for the institutions with swift punishment for the guilty as the norm. Government also needs to realize that merely increasing the responsibility and accountability of professionals like Company Secretaries and Chartered Accountants is no solution to the multifold ills of the corporate sector which can only be addressed by a multi-pronged strategy. Hence, the need for the Government to reform itself.

b) Mindset of Corporate Managements

Though the days of 'lalaji' type management are long over, still there are many lalajis amidst us in the business world. 'Lalaji' is not a reference to any particular community or class, but it refers to the mindset of a businessman that believes in exercising total control at the top with profit as the only motive of business and few scruples about doing business. It is time for the Indian businesses to realise that taking public funds for private business cannot be merely a private affair. When a company approaches a stock exchange for listing of its securities, it seeks much more than merely the right for trading of securities on its exchange, which is the obvious and immediate reason. What a company seeks is also a larger profile in the business world and opportunities for raising further funds as and when required by it. A listed company also tries to project a favourable image amongst the investors and the public at large.

Therefore, it is high time that the promoters realise that companies are not meant merely to enrich their own pockets, but they have a larger purpose to achieve. It is imperative for the directors of public companies in particular to believe and act as trustees while dealing with the funds and properties of the company. Hence, to avoid any misuse it is necessary to devise and implement fool proof systems not amenable to misuse by either the promoters or any of the executives.

To achieve the desired results, it is necessary for the top management to inculcate the most ethical behaviour in the staff and employees of the company; the best way to do this is for the top management itself to practice what it wants the employees to follow.

Unless the company directors genuinely believe that the funds and assets under their control are the trust properties owned by the shareholders at large with several stakeholders having interest in them, it is difficult to reach the goal that every company should serve the larger good. To obviate the chance of any person in the company going astray and misusing the company

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properties, it is necessary to have strong systems based approach with effective checks and balances coupled with regular internal audit covering all the aspects of corporate governance.

Over the years it has been observed that concentration of management powers in one or two persons at the top increases the chances of misuse, notwithstanding the fact that there may be a board of directors in place. It would be in the interest of the investors that the position of Chairman and Managing Director is held by two separate persons to minimise the chances of misuse. However, this does not obviate the responsibility casts on the shoulders of independent directors. While it is a fact that all the independent directors are invited to join the board by the promoters, once on the board they are directors of the company with accountability towards the shareholders and other stakeholders. It is their bounden duty to ensure due compliance without fear or favour, else they could be hauled over the coals and face ignominy. They are not as powerless as it may appear, independent directors collectively enjoy power which is enough to enable them to keep the management on its toes and work towards the desired goals. It is time that independent directors realise that the law is going to hold them accountable for the deeds and misdeeds of promoters in a company and they will not have easy escape routes.

c) Mindset of Professionals

In the new system of corporate governance, working and practising professionals like Company Secretaries and Chartered Accountants have a very significant role to play. It would not be out of place to state that much is expected of these two professions in achieving the economic goals of the country through the corporate sector.

A Company Secretary by very nature of his duties and position gets maximum opportunities of interacting with all the directors of the company. It is his duty to ensure that all the directors are well informed about the role they are expected to play and the rights they enjoy as ordinary directors / independent directors. A good company secretary would normally act as an advisor to the board in its proceedings and ensure due and timely compliances.



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Corporate Governance - Need for a Change in the Mindset

Professionals need to remember that even being a passive onlooker can prove dangerous as he can be charged for negligence. At the same time, it does not mean that a professional like company secretary should act as a door mat and allow the management to rough ride over him.

Certificates provided to the management by a working company secretary or a practising company secretary is not merely any other certificate, but it is a document of faith with an underlying promise that all the relevant records have been duly verified and the compliances are in place; it is a document that is based on trust and professional competence and any shortcoming on the part of the company secretary can compromise the position of the directors.

It is not uncommon to hear of a professional giving a certificate without having verified the records or even being aware of the reality; may be many a times such professionals get away from the law, but they need to remember that the day they are caught it will be all over. A company secretary should remember that he has nothing to lose but his reputation which takes a lifetime to build and just one scandal or even a single lapse to lose. Worse could be in store and the professional may even find himself behind the bars for not doing what he ought to have done in a particular situation.

Professionals need to remember that even being a passive onlooker can prove dangerous as he can be charged for negligence. At the same time, it does not mean that a professional like company secretary should act as a door mat and allow the management to rough ride over him. The company secretary should know where to draw the line and then ensure that the *Laxmanrekha* is not crossed under any circumstances. While this may sound easy in theory, one should be conscious of the fact that in practice it is not always as easy to take a stand contrary to the boss. However, life never offers easy options, more so for a professional like a company secretary who by virtue of his position interacts with the top management on a continuous basis.

Therefore, it is all the more imperative for every professional, be it a company secretary or a chartered accountant, to realise the impact of not just active involvement in a crime but even passive

participation; it is the professional's reputation and career that is at stake. A professional should always remember that a company never gives a job, it is his competence that gets him a job. A competent professional will always have a job chasing him so he should never worry about losing a job and be sincere to his position and the role he is required to play.

The success of management by exception where greater responsibility is cast on professionals hinges precisely on the role that the professionals are expected to play. They have to be conscience keepers and ensure due compliance by companies and if need be, should also be the whistleblowers. Accordingly, the professionals have to change their mindset and not be the blind followers of the management but exercise professional discretion while discharging their duties.

Ethics and Corporate Governance

To achieve the desired goals of corporate governance there is a need for a change in the mindset of all the concerned players as stated in the foregoing paragraphs. However, all this would be of little consequence unless the business is carried on ethically. While it is important to ask, 'Is this profitable?', more important is to ask 'Is it right?'. Asking such a question itself would reflect a change in the mindset. It needs to be remembered that credentials today run far beyond the financial numbers, while nobody will deny that turnover, growth and profits are important, but should they be at the cost of ethics and integrity. Should credibility be sacrificed at the altar of profit with professionalism and corporate governance being good terms only for speaking at seminars?

To paraphrase what Mahatma Gandhi once said, "apart from what a company does," it is equally important to focus on "how it does it.". Yes, the means are equally important as the goals. We need to reiterate that ethics and morality cannot be given a go by to achieve a goal, else sooner or later the society will have to pay the price. Therefore, it is important to generate trust amongst the employees by creating transparent systems which are just and equitable and intended to serve the large goal of satisfying all the stakeholders.

Conclusion

Nobody in the corporate sector can deny that business should be conducted ethically keeping in view the greater good of the society at large with professionals playing their part. However, at the same time there is an onus on other players as well, particularly the Government. The widespread corruption poses a serious challenge for a company while dealing with public authorities and government departments. It will be impractical to expect the corporate sector to perennially be a lotus even as it tries to keep itself afloat in all the filth around it. If such a scenario continues, not too many lotuses will be there to bloom resulting in all the avoidable gloom.



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Attitudinal Shift in the Functioning of Corporates and Company Secretaries

This article throws light on the paradigm shift that is taking place in the functioning of companies and the changing role of Company Secretaries.

Go back to Annual reports of 70s and 80s, if not earlier. Most of the Annual Reports will dwell at length on the state of the economy and will have very little on the operations of the company. We have come a long way since then in the matter of disclosure, quarterly reporting, management discussion and analysis. Further, we have everything on the company website.

The above is an example of just one change that we have seen over a period of time. Being a company secretary and managing director enables one to look at the functioning of company from different perspectives. It is from this vantage point that this article will be looking at the paradigm shift that is taking place in the functioning of companies and the changing role of company secretary.

The shift in the way corporates will function is analysed under the following heads and this is by no means exhaustive.

- * Independent directors
- * Board functioning
- * Mergers and acquisition

- * Family businesses
- * Financial literacy
- * Corporate Social Responsibility
- * Sustainability

Independent Directors

Let us take a common item in any agenda for the annual general meeting - appointment of directors. While there are mandatory requirements regarding the number of independent directors on a company's board, the degree of independence will be increasingly tested in the times to come. What are these tests?

The number of years the independent director is on the board.

Although many years in the same company enable a non whole time director to have a better knowledge of the operations of the company, there also develops a greater familiarity with the promoters/management. This by itself is not bad and cannot be regarded as eroding the independence of the directors but the moot point is whether there is such a paucity of good independent directors that companies (particularly the listed ones) are not able to look beyond the present lot.

The fee and commission earned by an independent director

To attract top talent, companies need to reward directors for the



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time spent. The question is what proportion of fees/commission the director gets from various companies comes from a single company and, if it is high, whether this will make the director depend on the company rather than the other way around.

Experience and skills a director brings to the table

The question that will be asked is the extent of knowledge of the industry (in which the company operates) the director has, knowledge of market dynamics, what he brings to the table and what has been his overall contribution. Few companies have an elaborate procedure for appraising independent directors performance. This, however, is not widely prevalent.

Ability to question the management and the whole time directors

One wonders what questions were asked in the board room of Union Carbide in the 70s and 80s before Bhopal catastrophe. In the current context it will be interesting to know the questions raised by the independent directors in the board meetings of Kingfisher or DLF regarding the way the company functions.

The shift in the functioning of companies that this writer feels will happen is that the independent directors will find it difficult to take shelter under the defence that they cannot be expected to know everything. True, but they are expected to know the key aspects of the company's operations and what actions they took.

Independent directors in well run companies will spend increasingly more time and, therefore, need to be remunerated for this. We already see this trend in companies like Infosys.

Institutes like Indian Institute of Management conduct programmes for independent directors. It is one thing to be a whole time director or a CEO of a company and another thing to be an independent director. While former position is more hands-on, the latter position requires taking a helicopter view. This shift is not easy. The focus and approach are different. Some companies do have sessions for newly inducted independent directors and one will see this happening more and more in the years to come.

Board room working

The failure of banks in the West in 2008 is still fresh in one's memory. 80% of the board members of these banks were independent directors. So also in the various board committees. The presence of independent directors did not prevent failure. Take the case of board of AIG(which had to be bailed out by the US government), the largest insurance company in the world. The latest experience any of them had directly with insurance was some 7 years previously. All of them were over 70 and one

octogenarian had been a distinguished ballet dancer. ⁽¹⁾

Quality of the board will increasingly count. The board members will be under intense scrutiny. Independent investor advisory companies will play an increasingly bigger role in giving their recommendations on remuneration, appointment, reappointment of directors, share exchange ratio in mergers etc. One must admit that this is not going to happen in a big way overnight. It will be some years before we see the results. However, one should not be surprised to see an increased activism among the big investors. How many would have thought that a London based investor would file a suit against the directors of a public sector company, as TCI has done with directors of Coal India Ltd. for alleged breach of their fiduciary duties?

We cannot expect independent directors to understand all the details of the company's operations. They should be focussing on long term trends, the developments in the industry and the economy (not just Indian) and their impact on the company. Operational plans like reduction in cost will not be the focus of these directors. The strategy they will be debating will not be about operational issues. The strategy the board will spend time on will be more to do with the competitiveness of the company, how to preserve and enhance the same, organic and inorganic expansion and so on. This is one trend which one will see more in future.

Increasingly, Indian companies because of the need for quarterly performance disclosure are under pressure to deliver quarter after quarter. Like their counterparts in the West, near-term results have assumed importance in the functioning of Indian corporates. Even if the Indian investors are a patient lot, the FIIs will not be so. Hence the need to balance the short term requirements (to produce good financial results) with the need to develop long term goals and pursue the same. The balance has to be struck and, in future, the challenge will be how the companies do this.

Although the question, "how will the next quarter be" will be discussed in the board room, in the same breadth the questions that will be asked, to specify a few, and debated are

How are we placed 3 years from now?

Are we in a position to cope up with the changing trends in our industry and are we investing enough?

Do we have enough management depth to handle this?

This has several implications. Some of which are:

- ◆ The company should be prepared to take a hit in the bottom line in the short term because it is investing (say in R&D, heavy marketing spends) for the future.
- ◆ The support the CEO has from the board. Will the board tolerate insipid performance in the short term knowing full well that this is the result of actions taken for future benefits?
- ◆ Facing the analysts and investors.

⁽¹⁾ Bob Garratt, The fish rots from the head.



◆ Impact on the share price.

Some companies are known to hold off-site meetings of the board and the senior management to discuss strategic issues. This will be more a rule than an exception in the Indian corporate scene in the future. This, needless to say, needs time commitments from Indian directors, companies briefing them properly, management approaching such sessions with an open mind, not with the "we will enter this market regardless of what the directors will think" approach.

Mergers & acquisition

Although one has of late seen a slow down in M&A activities, this will pick up as optimism returns. We have seen many cross border acquisitions in recent years. With most of Europe still in trouble, opportunities will come up from time to time for acquisition – attractiveness of technology, brand, market access or intellectual property rights. So, what does this mean for Indian corporates?

- ◆ Managers with a global mindset to change the functioning of the companies from the limited Indian perspective to global perspective.
- ◆ Multinational board.
- ◆ Active M&A cell, particularly in the bigger companies. It will consistently generate list of companies for acquisition.
- ◆ Familiarity with the foreign laws. (For example, will the EU Competition Commission confirm this deal?)

Family business

John Micklethwait and Adrian Wooldridge in their highly readable book "The Company" gave two examples while looking at the corporate history of UK family owned businesses. Cadbury family ran the business professionally. The owners of Cadbury managed the business and the managers owned. The company prospered. Pilkington reserved all the top positions in their glassmaking company for members of the family. The company suffered and the family had to bring outsiders on the board.

India has a long history of family owned businesses. Apart from the MNCs, for long manufacturing sector (not the only sector, one should add) has been dominated by family owned businesses. Some of the business houses which thrived during the licence and permit raj have faltered in the post 1991 liberalisation era. By and large, the business houses that have thrived have brought in outsiders in management although one still finds family members in key positions in the organisation. The paradigm shift one will see in future in the family businesses is the attention given to succession planning. This is widely known but poorly understood. Unlike non-family businesses where the talent pool for filling positions in the organisation comes either from within or from outside, in family businesses, there is another dimension namely, the family members who are already at various levels in the organisation. Complexity is further added with different family members staking claims to top positions.

The change in thinking of the family members which one has

Quality of the board will increasingly count. The board members will be under intense scrutiny. Independent investor advisory companies will play an increasingly bigger role in giving their recommendations on remuneration, appointment, reappointment of directors, share exchange ratio in mergers etc. One must admit that this is not going to happen in a big way overnight.

already seen will further intensify in the years to come as the business becomes more complex and the market dynamics change. It will be important to have consensus to avoid conflicts. It is worthwhile to recall what leaders of the US Quaker community (known for their business acumen) mentioned when Peter Davis, a professor at University of Pennsylvania's Wharton School asked them what consensus meant to them. ⁽²⁾

Understanding all the ideals of the organisation that makes consensus rather than majority rule preferable;
An understanding of group individuals and their idiosyncrasies;
A deep commitment to listening;
A sense of trust in the validity of each member's contribution;
An openness to learn from those who may be better informed;
A conviction that individual knowledge untempered by group wisdom is often shallow;
A willingness to undertake self examination, particularly when a compromise between an individual's own point of view and the point of view of the group has the potential to lead to consensus.

Absence of consensus leads to conflict and how family feud can affect the business can be seen from the business run by Gucci brothers, makers of luxury goods. As Mr. Peter Leach wrote in "Family businesses", with each family member having different ideas about running and expanding the business, discussions virtually became board room fights. With son suing the father and reporting to the tax authorities, assassination of a member of the family by another family member, soap operas could not have done better.

⁽²⁾ Peter Leach, Family Business: The Essentials.



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Some of the Indian family business groups like GMR have taken the help of consultants in designing the business structure. GMR group has a family constitution incorporating the family's core values, code of conduct, ownership policies. Increasingly this will be the trend. The family constitution may not be a panacea for all the issues that may crop up but it provides a good framework for sorting out various issues.

To summarise, the functioning of family owned companies (listed or unlisted) invariably will see the following trends:

- ◆ Non-family member having as much chance as a family member in occupying top positions.
- ◆ The younger family members spending time in various operations within the group before moving up in the management hierarchy.
- ◆ Increased attention to succession planning and this will include both family and non family members.
- ◆ Some family members leaving the group and branching out on their own not necessarily as a result of any conflict. This may be more out of desire to pursue different lines of business or to run the business without being part of the family or not happy with the pace of growth of the group.
- ◆ Increased role of independent directors. This will happen in unlisted companies too. The success, however, of this initiative will depend upon how the independent directors assert themselves.

As to how he overcame resistance to bringing in professional outsiders into the board, Mr. Krister Ahlstrom, the former CEO of his family's company The Ahlstrom Corporation said in an interview, "I asked the family members if they were seriously ill, would they go to their relative who happens to be a not-so-good country doctor or would they go to the best specialist in the country. The answer was obvious." There is no reason why the same should not happen in business.

Financial Literacy

Financial literacy among the operational heads (other than finance) is rather low. Many companies have tried to bridge this gap with the aid of in-house programmes and by deputing their executives to outside programmes. Financial literacy has to and will get into the DNA of every employee particularly senior ones in the times to come. With the volatile situations organisations face, it will be foolhardy to look at any issue from the limited functional perspective.

Mr. Karen Berman and Mr. Joe Knight along with Marshal Goldsmith School of Management administered a functional IQ test to random sample of 300 US managers. Many of them could not distinguish profit from cash. Many did not know the difference between income statement and balance sheet. To a question, "you should be pleased about your company's financial results if:

A) There is a negative trend in operating margins.



B) There is an increasing trend in case of sales.

C) Cash flow is coming from company operations.

D) Cash flow is coming from company investing".

only slightly about half of the respondents gave correct answer which was 'C'.

There will be concerted efforts by companies to improve financial literacy right across the organisation.

Corporate Social Responsibility(CSR)

As early as 1942, Peter Drucker in his seminal work "Future of Industrial man" argued that companies had social dimension as well as economic purpose.

Much ahead of companies in other countries, Indian companies have developed a rich tradition of contributing to the society. Not just the Tata or Birla group who have played stellar roles in this but also other relatively smaller companies. So, when we talk about CSR in India, we are not talking about anything new. Rather, the CSR initiatives will come under scrutiny of the stakeholders increasingly in future.

In future, companies will also have to consider if their stakeholders will respond positively to certain CSR initiatives. As Mr. C. B. Bhattacharya, Mr. Daniel Korshun and Mr. Sankar Sen authors of "Leveraging Corporate Responsibility: Stakeholder route to maximising business and social value", point out, managers must avoid creating an impression that such activities are crowding out core business priorities. According to them, some well meaning corporate social responsibility activities can actually harm the company's competitiveness. In an experiment, they found that description of the company as having high product quality had a modest positive effect on the consumer but for a company with low product quality, consumer's willingness to



purchase actually decreased when it is engaged in otherwise positive corporate social responsibility activities. Here, consumers thought that the company has to give precedence to product quality.

Many of the smaller and medium sized companies who do not have non-financial resources to engage in CSR activities will increasingly work with NGOs. This will have several implications.

- ◆ Need to identify good NGOs. About 4 years back, the Confederation of Indian Industry, Karnataka started an initiative called Namma Halli (Our Village). The object was companies should be encouraged to adopt a few villages with contribution for this spread over a 3 year period. CII and the corporates wanted to be sure that the money would be well spent and to ensure this, there should be definite metrics to monitor. In came Srinivasan Services Trust who have done significant work in this field in a few states. With definite metrics and periodical reporting on the performance, the companies were convinced about the results of their CSR activities.
- ◆ NGOs getting professionalized as they now have a wider playing field.
- ◆ NGOs having in their board/advisory committee not just Good Samaritans but people with rich corporate experience.
- ◆ CSR will not be just an item in the annual report. It is not the description of the activities that will count. Evaluation will be done if these have helped the society and have created value for the company.

Sustainable development

As Mr.C.K. Prahalad wrote "there is no alternative to sustainable development". Companies like Unilever (and Hindustan Unilever) set sustainability targets and zealously monitor them. Not just in their manufacturing operations, the companies will increasingly evaluate the sustainability in their supply chains. FedEx even during the slow down were replacing its older aircrafts as this will reduce carbon footprint steeply. More and more questions will be asked in the public forum and in the board rooms of the companies (not just big ones) on resources they use and their sustainability.

Attitudinal shift in the functioning of company secretaries

With the changes that will be taking place in the functioning of companies, there will have to be attitudinal shift in the way company secretaries function.

- ◆ Much more than legal compliance. Legal compliance is important. However, the role of company secretaries should widen and for this they need to possess additional skills.
- ◆ Financial knowledge. One is looking at much more than basic financial knowledge and expertise that enables a company secretary to understand financial implications of any proposal and suggest recommendations.
- ◆ Knowledge of operations. There is a tendency to get into the

Financial literacy among the operational heads (other than finance) is rather low. Many companies have tried to bridge this gap with the aid of in-house programmes and by deputing their executives to outside programmes. Financial literacy has to and will get into the DNA of every employee particularly senior ones in the times to come. With the volatile situations organisations face, it will be foolhardy to look at any issue from the limited functional perspective. ● ●

shell and be aloof from the operations of the business. This limits his knowledge of the various facets of the business and his usefulness in areas other than corporate laws.

- ◆ Getting conversant with the nuances of Mergers and Acquisitions. Company secretaries will be increasingly asked to play a larger role in due diligence, documentation, approvals, representation before the authorities and see the closing of the deal.
- ◆ Analysts call. This has become common for most of the listed companies, at least those actively traded. Ambitious and enterprising company secretary will in future play a more active role in preparation for the analysts call.
- ◆ Ethics. Apart from Indian laws, subsidiaries of foreign companies have to contend with laws like USA's Foreign Corrupt Practices Act, 1977, UK Bribery Act, 2011. The parent company will be liable for the conduct of their subsidiaries and these laws prohibit facilitation payments unequivocally. Company secretaries will increasingly be called upon to monitor the ethical practices prevailing in the organisation.
- ◆ Insider trading. Admittedly the punishment in India for insider trading is much lighter than, say, in US. But this is unlikely to continue. Violations will attract much stiffer penalties and possible imprisonment. The company secretary's mettle will be severely tested in the times to come. Will he prefer to overlook the insider trading by employees/promoters or take up fearlessly even if this can jeopardise his career?

It will be a gross understatement to say that the changes in the way companies will function will be both interesting and challenging. Are we ready for this? ■



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Attitudinal Shift in the functioning of Corporates – Focus on Some Important Areas

Good governance, discharging social responsibility and protecting the environment are the most important and urgent challenges before the Corporate Professionals at present. What attitudinal shift is required to face these and a scope of challenges, is what has been discussed here.

INTRODUCTION

The function of Company Secretary has changed beyond recognition over the last 31 years - since when the Institute of Company Secretaries of India (ICSI) was converted into a statutory body w.e.f. 1.1.1981. While there are many aspects to this change, the one that is of foremost attention is a fundamental change in the functions of the board of directors which the company secretary serves. This is due to an attitudinal shift in the working of the corporates and the changing focus of business.

Corporate scandals, global competition, Asian financial crisis and various domestic and international efforts have made corporate governance increasingly popular. Also, public awareness of the threat of climate change has risen sharply in the last couple of years and an increasing number of businesses, organizations and individuals are looking to minimize their impact on the climate. All these issues have led to

an attitudinal shift in the functioning of corporates.

With the internationalization of cross-border portfolios, and the financial crisis that have occurred in many parts of the world, it is perhaps not surprising that institutional investors are increasingly looking more carefully at the non financial information of the company particularly the corporate governance practices and corporate social responsibility information of companies. Corporate governance goes hand in hand with increased transparency and accountability. This increased transparency and accountability would itself, lead to a better flow of foreign direct investment (FDI) and more stable financial markets.

INVESTOR PERCEPTION AND ITS IMPORTANCE

An investor is one who commits money to investment products with the expectation of financial return. Investor perception about a company would mean how the investor envisions or sees the company.

There is a growing recognition of a greater need for engagement between shareholders and the companies they are invested in. Management and the Board need to know how investors view the company. They need to be confident that the market understands the investment proposition as this has a direct impact on the rating of the shares. Share prices are largely a reflection of investor perceptions about a company.



Knowledge of Investor Perception is important for a company because:

- ◆ The perceptions of investors can influence the company's corporate strategy and the investment proposition
- ◆ The insights measure the level of understanding of the company, gauge sentiment and highlight the degree of support
- ◆ The feedback shapes, amends and reinforces the company's message to the market
- ◆ The strategic findings of an annual investor perception study complement the tactical day-to-day feedback provided by corporate brokers
- ◆ Listening and responding demonstrates awareness, responsibility and good corporate governance

INVESTOR PROTECTION

When investors finance firms, they typically obtain certain rights or powers. Creditors get the right to repossess collateral or to reorganize the firm that does not pay interest or that violates debt covenants. Shareholders get the right to vote on key corporate matters, to select directors, or to sue the directors and the firm. All outside investors, whether shareholders or creditors, also have the right to receive certain corporate information. Indeed, many other rights can only be exercised when they have such information. All non-controlling investors, large or small, shareholders or creditors, need their rights protected.

Investor protection turns out to be crucial because, in many countries, exploitation of minority shareholders and creditors by the controlling shareholders is pervasive. When outside investors finance firms, they face a risk, and sometimes near certainty, that the returns on their investments will never materialize because the controlling shareholders or managers simply keep them. Corporate governance is, to a large extent, a set of mechanisms through which outside investors protect themselves against exploitation by the insiders.

Investor Protection and SEBI

The primary goal of Securities and Exchange Board of India (SEBI) has always been investor protection. Being India's Securities Market Regulator, SEBI has been making systemic reforms aimed at better corporate governance, deeper capital markets and more satisfied investors.

The primary functions of the SEBI are to protect the interests of investors in the security markets in India and to promote the development of and regulate the securities market to ensure its orderly operation. With this objective, SEBI issued the SEBI (Disclosure and Investor Protection) Guidelines, 2000. SEBI uses these guidelines as a yardstick to ensure that investor interests are protected. The Disclosure and Investor Protection guidelines apply to the primary market, i.e., public issues made by listed and unlisted companies, rights issues, and offers for sale by listed companies in certain cases.

Corporate governance has become a key focus of investors and regulators in recent years. Director independence, audit processes and executive pay have become key drivers for assessing the robustness of a company's monitoring processes and its ability to prevent fraud and mismanagement - key indicators of portfolio risk for investors.

INVESTOR PROTECTION MEASURES

- SEBI was established with the primary objective of protecting the interest of the investors in the securities market
- SEBI can issue directions to all intermediaries and other persons associated with the securities market in the interest of the investors or for orderly development of the securities market
- SEBI has notified the SEBI (Investor Protection and Education Fund) Regulations, 2009 with a view to strengthening its activities for investor protection. The fund shall be used for the following purposes:-
 - Educational activities including seminars, training, research and publications, aimed at investors
 - Awareness programmes through media - print, electronic, aimed at investors
 - Funding investor education and awareness activities of investor associations recognized by the Board
 - Aiding investor associations recognized by the Board to undertake legal proceedings in the interest of investors in securities that are listed or proposed to be listed
 - Exchanges have set up an Investor Protection Fund (IPF) to meet the claims of investors against defaulter members
 - The Exchanges also assist in arbitration process between members and investors and members' *inter-se*

INVESTOR GRIEVANCE REDRESSAL MECHANISM

- SEBI and Stock Exchanges have set up investor grievance redressal cells for fast Redressal of investor complaints relating to securities markets
- SEBI has directed all the stock exchanges, registered brokers, sub-brokers, depositories and listed companies to



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make a provision for a special email ID of the grievance Redressal division/compliance officer for the purpose of registering complaints by the investors

- SEBI has set up a mechanism for redressal of investor grievances arising from the securities market
- SEBI provides "walk-in" service at its head office at Mumbai and its regional offices at New Delhi, Chennai, Kolkata and Ahmedabad on all working days. Investors can meet the officials and get guidance relating to the grievances that they may have against issuers. Investors can also meet the higher officials of SEBI on specified working days.

NON FINANCIAL INFORMATION

Broadly there are the following three categories of non financial information:

a. Industry cohort measurements of performance linked to non financial value indicators

Industry cohort measurements is information that contextualizes performance against peers e.g market share, quality rankings, customer satisfaction survey data etc. It is argued that the real value drivers of a company - for example, worker productivity, corporate innovation and customer satisfaction - are often better assessed using industry cohort metrics. This approach may allow management to better identify the company's strengths and weaknesses. Similarly, these metrics would allow investors building portfolios to compare the relative performance of companies, enhancing opportunities to identify intangible value in their portfolio companies.

b. Corporate Governance Information

Corporate governance has become a key focus of investors and regulators in recent years. Director independence, audit processes and executive pay have become key drivers for assessing the robustness of a company's monitoring processes and its ability to prevent fraud and mismanagement - key indicators of portfolio risk for investors. The availability of corporate governance information may also help management and shareholders identify and improve on the systemic role that corporate governance plays in value creation.

India has comprehensive laws governing corporate governance.

Some aspects of corporate governance have been enshrined in the law that is administered by the Ministry of Corporate Affairs, Securities and Exchange Board of India (SEBI) and other sectoral regulators. However, a transparent, ethical and responsible corporate governance framework essentially emanates from the intrinsic will and passion for good governance ingrained in the business entity.

The Companies Act, 1956 covers corporate governance widely through its various provisions such as inclusion of

directors' responsibility statement in the directors' report under Section 217(2AA), constitution of audit committee under Section 292A fixing maximum ceiling on remuneration that can be drawn by a director under Schedule XIII, and those relating to oppression, mismanagement, etc. Further, environmental and other pieces of legislation also protect different stakeholders' interest, ensuring, in the process, good corporate governance.

The Listing Agreement and Clause 49 of Listing Agreement deals with Corporate Governance norms that a listed entity should follow.

c. Corporate Social Responsibility (CSR) Information

Many social and environmental issues present material risks for companies, therefore disclosing CSR information on stakeholder relations, including work force, community and environment is the need of the hour.

Information on human rights policies, corporate environmental performance, corporate philanthropy, diversity policies, human resource development: these may all be important indicators of corporate value. Advocates of greater non financial reporting often stress that poor management of these issues presents risks to corporate reputation or carries litigation risk. Others suggest that sound management of these issues can be a proxy for good management and an indicator of intangible value. By disclosing CSR Information, companies permit investors to assess these risks and opportunities, permitting greater insight into intangible value.

There is growing awareness of the importance of non financial information for investment decisions. Investor attitudes are likely to change over time, as certain types of information become more available and reliable, and more tools become available to provide quantitative assessments of the impact of non financial performance on corporate performance or company value.

CORPORATE GOVERNANCE

Corporate governance has evolved and grown significantly in the last decade. Numerous countries have issued corporate governance codes, and have undoubtedly contributed towards increased transparency and disclosure.

Corporate governance is fundamental to well-run companies that have controls in place to ensure that individuals or groups connected with the company do not adversely influence the company and its activities and that assets or profits are not used for the benefit of a select group to the disadvantage of the majority. Also, independent directors are key to bringing new insights to the business and helping with its development.

The principles of Governance have been in existence for centuries. History reveals that Kautilya also called Chanakya in 300 BC propounded principles of good governance. In his celebrated treatise on statecraft "Arthashastra", he provided principles of governance. He states the fourfold duty of a King as: Raksha (Protection), Vriddhi (Enhancement), Palana



(Maintenance). Yogakshema - Safeguard.

These four principles can be elaborated in the modern context as:

- Protecting shareholders wealth
- Enhancing the wealth through proper utilization of assets
- Maintenance of that wealth and not frittering away in unconnected and non profitable ventures or through appropriation and
- Safeguarding the interests of the shareholders

Corporate Governance is generally understood as the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations. It encompasses the framework of business reporting, accountability and benefits - whether self imposed or prescribed by an authoritative body. Corporate governance influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised.

Corporate Governance is a broad concept and has been defined and understood differently by different groups and at different points of time. The following definitions illustrate that, while definitions vary, the same fundamental ideas are present.

The Cadbury Committee report defines it as "the system by which companies are directed and controlled". It is generally understood as the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations."

The Kumar Mangalam Birla Committee report defines it as "...fundamental objective of corporate governance is the 'enhancement of the long-term shareholder value while at the same time protecting the interests of other stakeholders.'"

Hence, Corporate Governance can be understood to be a systematic process by which Companies are directed & controlled to ensure that they are managed in the manner that meets stakeholders' aspirations & societal expectation. This leads to the corporate governance philosophies of: Trusteeship;

Transparency; Empowerment & Accountability; Control and Ethical Corporate Behavior.

Need for good Corporate Governance

Since good corporate governance is based on the principles of transparency, efficiency, timeliness, completeness, and accuracy of information at all levels, investors get the opportunity to know the company's business operations and financial data. Even when the information is about poor performance or other negative matter, it reduces uncertainty and prevents rumours.

Recent trends have also shown that investors are using a company's corporate governance practices as a key decision-making criterion in investment decisions as good governance practices reduce the likelihood of misuse of assets and information by insiders.

A strong governance record creates a positive impression in the minds of investors and other members of the financial community. However, sophisticated the markets, reputation and trust are crucial. A company's reputation and image constitute an integral, if intangible, part of its assets.

The McKinsey Investor Opinion Survey (2000) of institutional investors found that the majority of investors were prepared to pay a premium to invest in a company with good corporate governance. The survey states that "good" governance in relation to board practices includes a majority of outside directors who are truly independent; significant director stock ownership and stock-based compensation; formal director evaluations; and responsiveness to shareholder requests for governance information.

The McKinsey Emerging Market Investor Opinion Survey (2001) showed that respondents (in this case private equity investors invested in a range of emerging market countries in Asia, Eastern Europe and Latin America, and managing approximately US\$4.1 billion in these regions) considered greater transparency the most important corporate reform in emerging markets.

Principles of Corporate Governance

Studies have found that corporate governance developments bode well for both organisations and their internal audit staffs. A strong governance record increases the trust and creates a good reputation which increases its appeal to investors and others in the financial community. In addition, research suggests that governance-related investments can have a positive bottom-line impact as the heightened awareness and disclosures leads to avoidance of legal liabilities, preservation of organisation's reputation and prevention of lost productivity.

A strong system of corporate governance is usually marked by the following fundamental principles:



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- Ethical and disciplined corporate behavior
- Independent and considered judgment
- Parity between accountability and responsibility
- Transparency and effective and adequate disclosures
- Success of a good governance culture depends upon the perpetual existence and effective and, most important, ethical interplay of these planks not only by themselves, but also with other variables in the social and economic environment (i.e., the stakeholders) of the company

The Organization for Economic Cooperation and Development (OECD), identifies the following key elements of good corporate governance:

- The rights and obligations of shareholders
- Equitable treatment of shareholders
- The role of stakeholders and corporate governance
- Transparency, disclosure of information and audit
- The Board of Directors
- Non-executive members of the board
- Executive management, compensation and performance

Creating frameworks for good Corporate Governance

A Framework Code of Corporate Governance is a guide for the independent, phased implementation of corporate governance best practices by the business sector on an individual basis.

The objective of a Corporate Governance Framework is, to furnish corporations with a tool for ensuring the sustainability and competitiveness of businesses in today's globalized economy. The underlying principles of a framework code on corporate governance are:

- Transparency
- Accountability
- Social Responsibility
- Fairness

In national and international literature the term 'corporate governance' is often vague and used to refer to a variety of different accountability mechanisms. Over time, the literature has progressed from a conformance-only focus, to a conformance and performance focus. The primary importance of performance is recognised in the corporate governance framework developed by the organisation.

There is no one model of corporate governance that can be applied universally. Best practice concepts are emerging from work undertaken internationally, nationally and locally, and these provide useful guides. Nonetheless, any model of corporate governance should be designed to fit a specific organisational context, be inclusive of a diversity of stakeholder views, and relevant to the broad range of internal and external stakeholders

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of the organisation(s).

While the literature is not decisive on whether corporate governance directly improves organisational outcomes, corporate governance should be invested in wisely and carefully. Some level of corporate governance is required to ensure an acceptable level of stakeholder confidence in an organisation's ability to identify and achieve outcomes that its stakeholders value. The larger the organisation, the greater the need for more sophisticated corporate governance processes. A corporate governance framework can help to determine the optimum level of corporate governance process.

Although some organisations have strategies for corporate governance, few have overt frameworks that bring together all elements of corporate governance in a consistent way.

Most organisations with corporate governance frameworks have frameworks that are structurally based. These consist of structures for addressing corporate governance issues (e.g. boards and committees), and appropriate methods of managing those structures (e.g. board size, composition and practices). There are no known precedents in either the public or private sector, of corporate governance frameworks that apply across two or more organisations.

For a corporate governance framework to be successfully communicated to, and used by, a broad range of stakeholders, a clear definition of corporate governance and a visual metaphor that illustrates the components of corporate governance and how they fit together are necessary.

Steps to setting up an effective Corporate Governance Framework

1. Better board preparedness and balance of power

The first step is to select informed people with integrity and independence of mind for board positions. These people must be taken through a robust training and certification program on board governance. The business-specific part of the program may be held by the officers of the corporation, while the board governance



training can be held by specialist organizations. Secondly, every year, there should be a peer evaluation for each member of the board.

2. Increased accountability to shareholders

Shareholders must actively step up as owners, and engage directors on corporate issues. Independent directors, in general, and chairmen of all committees, in particular, must participate more actively in annual general meetings, by owning up to their board decisions and answering shareholder queries.

3. Creating a mindset that decency and honesty pays

Good governance requires a mindset within the corporation which integrates the corporate code of ethics into the day-to-day activities of its managers and workers. Corporations must integrate their value systems into their recruitment programs. Compliance with the value system should be a key requirement from each potential employee. Corporations must reinforce exemplary ethical conduct among employees, through reward and recognition programs. Ethical standards and best practices must be applied fairly and uniformly across all levels of the organization. Any non-compliance must be swiftly dealt with. Additionally, there should be strong whistleblower mechanisms within the corporation for exposing unethical or illegal activities. Every employee has to appreciate that the future of the corporation is safe only if he / she does the right thing in every transaction.

4. Lead by Example

Corporate leaders are powerful role models. Every employee watches them carefully and imitates them. Corporate leaders wear a badge of increased distinction and responsibility - *Peter Drucker*.

5. CEOs must follow simple business rules

Great corporate leaders are expert simplifiers. They operate on simple business rules. Such rules are easy to understand, easy to follow and easy to communicate. Without exception, every corporation that violated basic governance principles did so by creating a web of complex and confusing rules.

6. Ensure 'responsible governance'

Corporations must ensure that incentives for senior management and board members are effectively aligned with responsible governance and long-term corporate health. The pay of principal officers must be directly linked with overall performance covering all functions of the corporation - operational health and efficiency, client and employee satisfaction, and shareholder value.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

Corporate Social Responsibility can be defined as the corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups. It can also be referred to as corporate citizenship that involves incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Organizations in the present world cannot be successful without taking into account the social responsibility. CSR has been a vital component for any organization to have perpetual success and to create brand. The three pillars of CSR are environment, society and commerce. Together, these create long-term sustainable development. However, CSR is still voluntary and it is not mandatory in India.

CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programs. Corporates like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception. Many other organizations have been doing their part for the society through donations and charity events. CSR Programs could range from overall development of a community to supporting specific causes like education, environment, healthcare etc. Many CSR initiatives are executed by corporates in partnership with Non-governmental organizations (NGOs) who are well versed in working with the local communities and are experts in tackling specific social problems.

Corporate Social Responsibility under the Companies Bill, 2011

The Companies Bill, 2011 has paved the way for introducing the concept of Corporate Social Responsibility and making it compulsory for certain companies to adhere to it.

As per Clause 135 of the new Companies Bill 2011, Corporate Social Responsibility (CSR) Obligations have been introduced, whereby every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. 2% of average net profits of the previous three years will have to be spent on corporate social responsibility activities with disclosure to shareholders about the policy adopted in the process, giving



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CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programs.

reasons on failure of implementation.

The Board's report should disclose the composition of the Corporate Social Responsibility Committee.

The Corporate Social Responsibility Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII; recommend the amount of expenditure to be incurred on the activities referred to above and monitor the Corporate Social Responsibility Policy of the company from time to time.

The Board of every company after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed and ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

The Board should make every endeavour to ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

If the company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount.

Some of the activities which may be included by companies in their Corporate Social Responsibility Policies (Schedule VII) are:

Activities relating to:-

- (i) eradicating extreme hunger and poverty;
- (ii) promotion of education;
- (iii) promoting gender equality and empowering women;
- (iv) reducing child mortality and improving maternal health;
- (v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- (vi) ensuring environmental sustainability;
- (vii) employment enhancing vocational skills;
- (viii) social business projects;
- (ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socioeconomic development and relief and funds for the welfare of the Scheduled Castes, the

Scheduled Tribes, other backward classes, minorities and women; and

- (x) such other matters as may be prescribed.

THE NATIONAL VOLUNTARY GUIDELINES ON SOCIAL, ENVIRONMENTAL AND ECONOMIC RESPONSIBILITIES OF BUSINESS, 2011

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 are a refinement over the Corporate Social Responsibility Voluntary Guidelines 2009, released by the Ministry of Corporate Affairs in December 2009. Keeping in view the feedback from stakeholders, it was decided to revise the same with a more comprehensive set of guidelines that encompasses social, environmental and economical responsibilities of business.

The Guidelines emphasize that businesses have to endeavor to become responsible actors in society, so that their every action leads to sustainable growth and economic development. Accordingly, the Guidelines use the terms

'Responsible Business' instead of Corporate Social Responsibility (CSR) as the term 'Responsible Business' encompasses the limited scope and understanding of the term CSR.

A separate chapter on reporting has been included in these Guidelines so that the business entities are not only able to adopt the Guidelines but also to demonstrate the adoption to their stakeholders through credible reporting and disclosures. The reporting framework is designed on the 'Apply-or-Explain' principle which is also the fundamental basis of these Guidelines. The suggested framework takes into account the requirements of the business entities that are already reporting in other recognized frameworks as well as those which yet do not have the capacity to undertake full reporting.

The Guidelines take into account the learnings from various international and national good practices, norms and frameworks, and provide a distinctively 'Indian' approach, which will enable businesses to balance and work through the many unique requirements of our land. By virtue of these Guidelines being derived out of the unique challenges of the Indian economy and the Indian nation, they take cognizance of the fact that all agencies need to collaborate together, to ensure that businesses flourish, even as they contribute to the wholesome and inclusive



development of the country.

CORPORATE RESPONSIBILITY AND THE CLIMATE CHANGE MECHANISM

Public awareness of the threat of climate change has risen sharply in the last couple of years and an increasing number of businesses, organizations and individuals are looking to minimize their impact on the climate.

Scientists believe that global warming will cause the average World temperature rise by one Degree Celsius by the year 2020 and four Degree Celsius by the end of 21st century. The Earth has warmed about 1°F in the last 100 years. The eight warmest years on record (since 1850) have all occurred since 1998. Periods of increased heat from the sun may have helped make the Earth warmer. But many of the world's leading climatologists think that the greenhouse gases people produce are making the Earth warmer, too.

The international community rallied around the threat of climate change because scientists agree that the risk is real. Over a decade ago, most countries joined an international treaty -- the United Nations Framework Convention on Climate Change (UNFCCC) -- an international agreement to address the danger of global climate change, to begin to consider what can be done to reduce global warming and to cope with whatever temperature increases are inevitable. More recently, a number of nations approved an addition to the treaty: the Kyoto Protocol, which has more powerful (and legally binding) measures. The Kyoto Protocol, an international and legally binding agreement to reduce greenhouse gas (GHG) emissions worldwide assigns mandatory targets for signatory nations. Countries that ratify this Protocol agree to reduce their emission of the specified 6 greenhouse gases, or engage in emissions trading if they maintain or increase emission of these gases.

Legislations regulating the Climate Change Mechanism

The United Nations Framework Convention on Climate Change (UNFCCC) is an international environmental treaty that sets general goals and rules for confronting climate change. It was entered into force on 21st March 1994.

The UNFCCC provides the basis for concerted international action to mitigate climate change and to adapt to its impacts. Its provisions are far-sighted, innovative and firmly embedded in the concept of sustainable development. States and regional economic integration organizations may become Parties to the Convention. There are now 195 Parties to the Convention.

The Kyoto Protocol is an international and legally binding agreement to reduce greenhouse gas emissions worldwide and is

an addition to the UNFCCC treaty. The Kyoto Protocol was adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005. Currently, there are 193 Parties to the Kyoto Protocol to the UNFCCC. The major feature of the Kyoto Protocol is that it assigns mandatory targets for 37 industrialized nations and the European Community to reduce their emission of the specified 6 greenhouse gases (GHGs). These amount to an average of five per cent against 1990 levels over the five-year period 2008-2012, the first commitment period under the Kyoto Protocol. At the UNFCCC's Conference of the Parties 17th Session in Durban, governments of the Parties to the Kyoto Protocol decided that a second commitment period, from 2013 onwards, would seamlessly follow the end of the first commitment period. The length of the second commitment period is to be determined: it will be either five or eight years long.

India signed UNFCCC on 10th June 1992 and ratified it on 1st November 1993. India acceded to the Kyoto Protocol on 26th August 2002. Under the UNFCCC, developing countries such as India do not have binding GHG mitigation commitments in recognition of their small contribution to the greenhouse problem as well as low financial and technical capacities.

The Ministry of Environment and Forests is the nodal agency for climate change issues in India.

CARBON CREDITS

Carbon credits are the key component of the national and international emissions trading schemes that have been implemented to mitigate global warming - particularly the international treaty -- the United Nations Framework Convention on Climate Change (UNFCCC) and the addition to the treaty : the Kyoto Protocol, which has more powerful (and legally binding) measures.

Carbon credits are certificates issued to Countries that reduce their emission of Greenhouse Gases (GHG) which cause Global Warming. It is like a Permit that allows an entity to emit a specified amount of Greenhouse Gases.

Credits can be exchanged between businesses or bought and sold in international markets at the prevailing market price. Credits can be used to finance carbon reduction schemes between trading partners and around the world. They provide a way to reduce greenhouse effect emissions on an industrial scale by capping total annual emissions and letting the market assign a monetary value to any shortfall through trading.

Countries acceding to the Kyoto Protocol exercise two ways to reduce emissions. One, it can reduce the GHG (Greenhouse Gases) by adopting new technology or improving upon the existing technology to attain the new norms for emission of gases.



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Or it can tie up with developing nations and help them set up new technology that is eco-friendly, thereby helping developing country or its companies 'earn' credits. These credits are bought over by the companies of developed countries.

SUSTAINABILITY REPORTING

Sustainability, in general terms, is the ability to maintain balance of a certain process or state in any system. It is now most frequently used in connection with biological and human systems.

Concerns about climate change have made sustainability a mainstream issue. Never before have the capital markets been so interested in how companies are approaching the challenges and opportunities associated with the environment, societal change and governance.

Sustainability Reporting has become mainstream, driven by the potential business value generated through enhanced stakeholder reporting and communication.

International Federation of Accountants (IFAC) observes that the recognition governments and many organizations have given to sustainability and sustainable developments are changing business culture and society. The global challenge is to ensure that organizations' sustainable development practices -

- (a) reverse the previous erosion of natural resources, and
- (b) improve their environmental, social, and economic performance.

This requires radical changes in the way we do business and the way we live our lives. Although many organizations aspire to being responsible, few could claim to be truly sustainable.

Sustainable Development

Sustainable development is a pattern of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for future generations.

The 1992 Earth Summit in Rio de Janeiro popularized the phrase sustainable development even as the definition of the term remained vague. The term was used by the Brundtland Commission which coined what has become the most often-quoted definition of sustainable development as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs".

The many definitions and frameworks of sustainable development that now exist share a number of basic principles including:

- Concern for the well-being of future generations
- Awareness of the multi-dimensional impacts of any decision (broadly categorized as economic, environmental, social) and
- The need for balance among the different dimensions across

sectors (e.g. mining, manufacturing, transportation), themes (climate change, community cohesion, natural resource management) and scale (local, regional, national, international).

The elusive goal of sustainable development, or sustainability as it is also called, is to make decisions and carry out programs and projects in a manner that maximizes benefits to the natural environment and humans and their cultures and communities, while maintaining or enhancing financial viability.

Meaning of Sustainability Reporting

There is no single, universally accepted definition of Sustainability Reporting.

Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development.

'Sustainability reporting' is a broad term considered synonymous with others used to describe reporting on economic, environmental, and social impacts (e.g., triple bottom line, corporate responsibility reporting, etc.).

A sustainability report should provide a balanced and reasonable representation of the sustainability performance of a reporting organization - including both positive and negative contributions.

The Dimensions of Sustainability Reporting

A Sustainability Report discloses information on the company's activities across the economic, social and environmental dimensions

Sustainability has three important dimensions for all organizations: (a) economic viability, (b) social responsibility, and (c) environmental responsibility. Although trade-offs can occur between these dimensions, generally being socially responsible (towards employees, communities, and other stakeholders), and environmentally responsible, lead to enhanced trust, and therefore makes good business sense. Social and environmental responsibility cannot, however, stand in isolation from economic viability. Profitability and growth create jobs and wealth; organizations must therefore continue to provide products and services that people want. While pursuing a commercial imperative, organizations must also deal with social and environmental issues as part of ensuring that they generate added value for an organization and its stakeholders.

The Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework. The



reporting framework is developed through a consensus-seeking process with participants drawn globally from business, civil society, labor, and professional institutions.

To help improve sustainability reporting, many organizations have turned to the Global Reporting Initiative (GRI) as the quasi-standard setter for sustainability reporting.

To date, thousands of organizations in the auto, utility, consumer products, pharmaceuticals, financial, telecommunications, transport, energy and chemicals sectors, among others, in addition to public authorities and non-profits, have published reports that adopt part or all of the GRI Sustainability Reporting Guidelines.

The 2008 KPMG International Survey of Corporate Responsibility Reporting is a comprehensive look at the trends in the world's largest companies. It shows that corporate responsibility reporting (which covers all forms of sustainability reporting) is mainstream with nearly 80 per cent of the largest 250 companies worldwide issuing reports (but with only 4 per cent integrating corporate responsibility information into their annual reports). The survey also usefully provides good practices in corporate responsibility (sustainability) reporting and shows which reporting standards and guidelines are used by companies. More than three-quarters of the Global Fortune 250 and 69 percent of the largest companies by revenue follow the GRI Sustainability Reporting Guidelines.

GRI is an independent, global organization that is a collaborating centre of UNEP. The Board of Directors has ultimate responsibility for the GRI. GRI is governed through a multi-stakeholder governance structure of:

- Board of Directors, who have fiduciary, financial, legal, and overall strategic responsibilities for GRI
- Stakeholder Council, an advisory group on broad policy issues
- Technical Advisory Committee, an advisory group on technical issues

- Organizational Stakeholders, who support GRI's mission, elect the Stakeholder Council and contribute to annual budget and
- International Secretariat, based in Amsterdam, who implements the work plan of the Board.

Between 1997 to mid-2002, GRI was a project of CERES and the UNEP. In 2002 GRI incorporated as an independent non-profit in Amsterdam, the Netherlands.

The Boston-based non-profit CERES (Ceres (pronounced "series") is a national network of investors, environmental organizations and other public interest groups working with companies and investors to address sustainability challenges such as global climate change.

GRI Sustainability Reporting Framework

GRI's Framework consists of the Sustainability Reporting Guidelines, Sector Supplements, National Annexes, and the Boundary and Technical Protocols.

The Sustainability Reporting Guidelines are the foundation of GRI's Framework and are now in their third generation. They feature sustainability disclosures that organizations can adopt flexibly and incrementally, enabling them to be transparent about their performance in key sustainability areas.

The G3.1 Sustainability Reporting Guidelines are the latest and most complete version. Launched in 2011, G3.1 completes the content of the G3 Guidelines released in 2006. G3.1 features expanded guidance on local community impacts, human rights and gender. While G3-based reports are still accepted, GRI recommends that reporters use G3.1, the most comprehensive reporting guidance available today.

The fourth generation of Guidelines - G4 - are currently in development and will be launched in May 2013. ■



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Attitudinal Shift in the functioning of Corporates and Company Secretaries An Analytical Review with Future Perspective

In recent years India and other countries have witnessed several corporate scams of very large magnitude. What attitudinal shift is required on the part of the corporates as well as corporate professionals in general and company secretaries in particular, is what is outlined in this analytical exposition.

Professionals, Institutions like banks, various government authorities and principally corporates themselves are the essential cogs in the smooth functioning of the corporate world. Corporate Governance being an extensively researched and debated subject in India in the recent years, it is but apparent that a shift is warranted in the attitude in the whole structure of the corporate world.

The responsibility of bringing about an attitudinal change in the functioning of the corporate world cannot be the prerogative of just one entity; it is the collective efforts of all concerned to take the initiative and follow the doctrines of Corporate Governance. The major issue that arises in the present times relate to the principles which determine corporate successes and failures; that is why some organization prosper and grow while others collapse. Corporate failures are common in competitive

business environment where market discipline ensures the survival of fittest. Moreover, mismanagement also leads to corporate failure. Predicting corporate failure is based on the premise that there are identifiable patterns or symptoms consistent for all failed firms.

In recent years, the responsibility for developing and implementing processes to promote and sustain good corporate governance has fallen largely within the remit of the company secretary. The company secretary is well versed with all the laws of the land and can guide the corporate world in the various ventures that it wishes to undertake; keeping its activities within the ambit of the law. The Company Secretary's role as a Compliance Officer should not be stagnant but dynamic to accommodate all the changes that constantly take place. He can be of assistance to the Board of Directors right from preparing minutes of a meeting to managing amalgamations, takeovers, etc. A Company Secretary cannot turn a blind eye to the functioning of the Board of Directors. He is a beacon that should shine and give directions to the Board. He should be aware of all the provisions, rules, regulations, amendments of law and be aware of the consequences of non-compliances and should make the Board aware that their actions



could be fatal to the health of the Company in the long run. He should adhere to the strict timeframes and not circumvent any of the provisions of the law. His endeavour should be such that a system is developed that the Company automatically carries out all compliances on a continuous basis.

The most effective company secretary is one who is regarded by the Board as its trusted adviser and who keeps under review legislative, regulatory and governance developments that may impact the company and ensures that the board is appropriately briefed on them; wins the confidence of and acts as a confidential sounding board to the chairman and other directors on issues of concern; and provides, where appropriate, a discreet but challenging voice in relation to board deliberations and decision making, drawing in particular on his professional experience and historical knowledge of the company.

A company appointing a Company Secretary should understand that it should not merely appoint a Company Secretary to fulfil the requirements of law but make use of the expertise of a Company Secretary to actually further the growth of the organisation. There are so many entities that do not understand the importance of a qualified Company Secretary and approach the professionals as and when contraventions of the provisions of the laws take place. How many Companies in India appoint a whole time Company Secretary despite having a paid up capital of INR five hundred crores?

Interpretation of Financial Statements

There are many items in financial statements for which companies use different policies. These are inventory valuation, investments and fixed assets, conversion of foreign currency and asset depreciation. Companies often manipulate these to inflate revenue, assets, cash inflow and understate expense, liabilities and cash outflow in financial statements.

Reading between the lines

We have seen in the past that many respected and renowned companies have been charged with manipulation of account books. Therefore, investors must stop treating financial statements issued by companies as gospel truth and scan them carefully to detect possible foul plays. The Satyam accounting scam, one of the biggest in India, left millions of investors in the lurch, as the stock fell from Rs 179 to Rs 23 in one trading session. The inability of stock analysts to identify the 'gaps' in Satyam's books and ring warning bells proved costly for investors. Had investors known the basics of reading financial statements and techniques used by companies to report false numbers, they would have asked their advisors a few valid questions about Satyam's finances.

Role of Regulators

Companies need to understand that following the doctrines of corporate governance will help them to prosper in the long run. The

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principles underlying these doctrines are ethical approach - culture, society, organisational paradigm; balanced objectives - congruence of goals of all interested parties; each party plays his part - roles of key players: owners/ directors/ staff; decision-making process in place - reflecting the first three principles and giving due weight to all stakeholders; equal concern for all stakeholders - albeit some have greater weight than others; accountability and transparency - to all stakeholders.

Significant government action is needed to improve the enforcement and surveillance functions of regulators in India. Incentive of committing/abetting a fraud is greater than the disincentive of being caught for companies as well as promoters and other financial service providers. Governments have significant interaction with the community, with a significant proportion of this conducted through statutory authorities and office holders. This is particularly so in the areas of taxation, regulation and the provision of services. The role of government is itself a defining factor in establishing appropriate governance arrangements for statutory authorities. Governments are held accountable by the electorate for the performance of government as a whole. Therefore the government should understand the logistics and frame laws keeping these in mind.

In the current national and international context, there is a requirement for simplifying corporate laws so that they are amenable to clear interpretation and provide a framework that would facilitate faster economic growth. It is also increasingly being recognized that the framework for regulation of corporate entities



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has to be in tune with the emerging economic scenario, encourage good corporate governance and enable protection of the interests of the investors and other stakeholders. In the competitive and technology driven business environment, while corporates require greater autonomy of operation and opportunity for self-regulation with optimum compliance costs, there is a need to bring about transparency through better disclosures and greater responsibility on the part of corporate owners and managements for improved compliance.

Your Attitude determines your Altitude

Attitude is everything in life. As it is rightly said that no one can stop a person with a positive attitude from achieving anything and no one can stop a person with a negative attitude from not achieving anything. The same rule applies for professionals. Professionals are mainly designed for the corporates. Due to globalization there has been a change in the nature of working of corporates.

Corporates have become more result oriented. Their inclination towards the processes is reduced. Company Secretaries should also follow the same trend. They must now become proactive.

There were few instances of fraud/misconduct which have highlighted the need for attitudinal shift: SEBI imposed a fine of Rs 5 lakhs on the Company Secretary cum Compliance Officer of Satyam Computers Ltd. The case was that Satyam's then Chairman had proposed on December 06, 2008 the acquisition of Maytas Infra and Maytas Properties (two companies promoted by Chairman's family) by the IT firm.

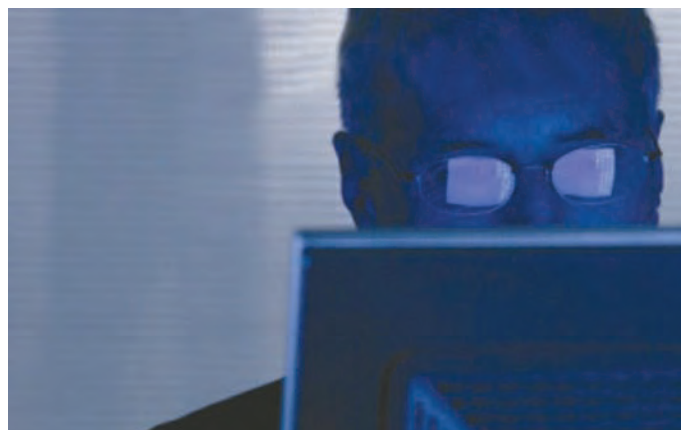
In the year 1991 Maxwell Communication Corporation and Mirror Group Newspapers Company became bankrupt. They had borrowed heavily to finance its expansion programmes. The major reasons for their collapse were fraud in pension funds, fake transactions, fraudulent activities, abuse of power, misreporting of financial statements, lax board, unethical behaviour. Later the promoter of the company committed suicide.

In the year 1980 Polly Peck International expanded rapidly by making over-expansion and mounting debt. The company expanded rapidly in the 1980s before it collapsed in 1991 due to high debts raised for acquisitions.

The failure of Barings (UK) Company in 1995. Nick lesson, a young trader at Barings in Singapore, lost more than \$1 billion by unauthorized trading of futures contracts.

Daewoo Group collapsed in 1999. The main reasons for the collapse were massive debts, CEO charged with looting of company's assets, misreporting of financial statements, and failure of external auditors.

The main reasons for most of the corporate failures are similar. People are pre-occupied with the same set of thinking. They still



consider the stakeholder's wealth as their own. This requires attitudinal shift. Corporate inc. should get out of this disgusting thinking.

One set of society who can help people get out of this thinking are the professionals. This requires the professional to adapt themselves to new set of thinking. They are the competent persons who can create and lead the new wave of thinking. Company Secretaries can play a vital role as they are the one's who are closer to the board of directors.

Effective Corporate Governance a must

The impact of the global financial crisis on the world economy has served to underscore the interconnectedness of the health of large global enterprises and the livelihoods of ordinary people. To be sure, the causes of the crisis are complex and the remedies that have been proposed are multifaceted. Yet corporate governance features strongly. This compilation of perspectives on the corporate governance-related causes and remedies of the global financial crisis is intended to inform ongoing reform efforts and document the work of major organisations. A number of important insights may be distilled:

- a. Multilateral and national financial reform efforts have identified specific areas of corporate governance requiring reform at financial institutions. In particular, reform efforts should focus on: (1) strengthening board oversight of management; (2) positioning risk management as a key board responsibility, and; (3) encouraging remuneration practices that balance risk and long-term performance criteria.
- b. Weak shareholder rights limit the ability of shareholders to hold boards to account, while fairness and transparency in financial markets inspire investor confidence and facilitate increased investment. Regulators can improve the mechanisms through which shareholders are able to influence corporate governance, and also encourage shareholders to take a more



- active role in the governance of their portfolio companies.
- c. Governance-related reform efforts that initially focused on financial institutions have fuelled reform efforts targeted also at non-financial institutions. Policy makers can use the momentum created by the financial crisis to address corporate governance problems that prevail more generally.
 - d. There has been a recent international convergence in thinking about corporate governance problems and remedies, which to a large extent has been driven by multilateral financial reform efforts, such as those of the G20. International standard setting bodies can promote convergence by designing principles-based guidance that is globally applicable but can be implemented in particular national and regional contexts.
 - e. While the primary targets of governance related financial reform efforts are financial institutions in developed countries, there is the recognition that the governance principles being promoted are applicable to corporations operating in emerging markets. In tailoring reforms for their own markets, policy makers in emerging markets should take into account certain factors, such as concentrated ownership, rights of minority shareholders, problems in enforcement regimes, and the important role of the state as owner.
 - f. Several national corporate governance reform efforts are, for the first time, using the language of 'sustainability' and 'stakeholder governance'. There is a need to transform the concept of 'sustainability' into more concrete measures of corporate performance and embed sustainability into a new model of 'stakeholder governance'.

The key points of interest in corporate governance therefore include issues of 1) transparency and accountability, 2) the legal and regulatory environment, 3) appropriate risk management measures, and 4) information flows and the responsibility of senior management and the board of directors.

Concept of Corporate Citizenship

Corporate citizenship - a commitment to ethical behaviour in business strategy, operations and culture - has been on the periphery of corporate governance and board leadership, linked mainly to corporate reputation. However, in today's globalized and interconnected world, investors, creditors and other stakeholders

Research shows that responsible management of environmental, social and governance issues creates a business ethos and environment that builds both a company's integrity within society and the trust of its shareowners. ●●

have come to recognize that environmental, social, and governance responsibilities of a company are integral to its performance and long-term sustainability. Today, these concerns help determine profits. For companies to operate successfully and sustain growth, boards must incorporate these new dimensions into their core decision making processes.

Corporate governance refers to the way that Boards oversee the running of a company by its managers, and how Board members are held accountable to shareowners and the company. This has implications for company behaviour not only to shareowners but also to employees, customers, those financing the company, and other stakeholders, including the communities in which the business operates.

Research shows that responsible management of environmental, social and governance issues creates a business ethos and environment that builds both a company's integrity within society and the trust of its shareowners.

The argument that India's growth acceleration can be attributed more to the attitudinal shifts of the government than to substantial policy moves has interested not only India observers but a wider audience as well, and has been influential in the literature on the political economy of economic growth. The 'attitudinal shift' story of India's economic growth seems to suggest that informal institutional change related to changes in attitudes and beliefs may be sufficient to ignite economic growth without any need for significant changes in formal institutions—changes in the actual rules of the game such as reforms in laws and regulations that influence economic activity.

We re-examine the 'attitudinal shift' argument, paying particular attention to the causal mechanisms that may link the shifts in attitudes and beliefs of the government and the business sector to economic growth.

Shift to Success and Planning

Corporate India is now awakening to the necessity of succession planning so as to have a right person for the right job at the right time. The subject, however, is shrouded in undue secrecy and sensitivity because managements fail to realise that it is not a matter of names but of policy to be implemented with proper systems and procedures. Most importantly, it is a matter of conviction for ensuring continuity and progress of the organisation by continuously preparing an efficient stream of employees in every strata. Hence, more than succession, it is progression management that will shape a healthy attitude towards employee development. The prime objective of employee development should be to make people versatile in areas related to their core area of specialisation.

More than study courses, it is actual hands-on experience gained through job rotation or special projects that creates skill versatility



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and the confidence needed to handle higher responsibilities. It is only the sense of belonging towards the organisation that will create among employees a moral responsibility to groom their juniors to take up higher responsibilities. Their scope of work also needs to be expanded before they are moved up the corporate ladder. However, leave alone the employees in managerial positions, how many of the CEOs are serious enough to ensure that right person occupies their seat when they call it a day.

As per the current and established practices, successors are chosen from (a) within the company, (b) sister concern of the same business house, (c) talented employees from rival organisations or the newly acquired company, (d) old employees earlier lost to rival companies, and (e) experts from abroad (foreigners as well as expatriates) brought in on very special assignments on contract for a specific purpose and period. Finding a successor from within one's own company is desired and possible with a few ifs and buts. If the company is technology-driven and has developed a unique culture of ethical practices and cohesive relations, no other person but a talented employee from within, who is groomed in such a culture and has a vision for future technological directions for the company can be the right navigator. Responsibility of choosing the right person from within squarely lies on the board. It follows then that the members of the board have to be sufficiently familiar with the organisational culture and most importantly, the talented employees below the CEO level.

The board should not focus only on a single individual but a couple of senior employees with good potential. This will give them a scope to choose the most eligible candidate. The need of the hour will decide this eligibility. It could be technological adeptness, expertise in managing financial crisis or changing organizational culture. There have been instances of a high potential candidate having been sidelined due to a mismatch of chemistry with the outgoing CEO or the board members. It is difficult to weed out such subjectivity in succession management. Organisations cannot depend merely upon insiders. They have to work out the right mix of insiders and outsiders. After all, fresh blood is also required to stimulate new thinking and doing things differently. A public sector steel company deliberately brought in most of the heads of departments from outside with just this view when they set up their green field plant. Strategic changes in business models, diversified growth cannot take place without fresh approaches to established, age-old practices.

The point to be driven home is that the board has to keep all options open in order to protect the organisational interests; short term as well as long term. Family-managed businesses is a case by itself. Due to various reasons, the owner may not find the right successor. He has no other option but to groom one of his talented employees to be the successor because of his experience and familiarity with the business. In both family-managed as well as professionally managed businesses, nurturing talent and providing good growth



opportunities to employees is absolutely essential. Nothing motivates a professional more than an opportunity to gain new knowledge coupled with empowerment. Progression management automatically makes succession management smooth and spontaneous.

Good Corporate Governance : Remedy for Survival & Growth

1. The proper governance of companies will become as crucial to the world economy as the proper governance of countries.
2. Today what has become of critical importance to the citizens of India is the promise of good governance of the country. It denotes, high standards of ethics, transparency, adoption of best governance practices, fairness to all, accountability for all decisions, similarly CG is critical to a company.
3. The character and value system of a company is derived from the character and value system of the Board of Directors and its leadership. Quality of management has become a leading criterion worldwide for seeking investment opportunities into companies.
4. It is not important whether you run a private or public company, whether it is the promoter's funds or public funds. Time has come to have the same governance parameters.
5. Organisations of any kind have responsibilities towards their own families, shareholders, employees, vendors, customers etc. While shareholder's concern is of concern to the Board of Directors the greatest impact an organisation has is on its employees. Good governance has a direct beneficial and motivational impact on all employees. All process within an organisation are based on sound management principles of strong ethics, sound internal control measures and value for reducing financial risks and enhancing the wealth and value of organisations which finally benefits the very employees who contribute to its growth.
6. Good corporate governance has multiplier effect for a



company.

- a. It is highly respected by all stakeholders.
 - b. There is sound confidence in the company by its investors in all times good or bad.
 - c. Foreign and overseas investors look to the company for future investments and collaborations.
 - d. There is confidence that the financial and other resources will be put to the best use by the company thus adding to the wealth of the shareholders in the long run.
 - e. Shareholders would like to stay investment and add to their portfolio's if there is transparency and full accountability by the management.
 - f. The company is considered a low risk investment by all stakeholders.
 - g. The company is able to negotiate the best commercial terms with its suppliers and vendors.
 - h. Customers commit themselves to the products of the company with full confidence and comfort about the product quality and service.
7. Good governance displays companies commitment and sound and transparent administrative policies.
 8. Sound corporate governance would have prevented corporate disasters like.
Lehman Brothers US - 2008, Enron-2002, Worldcom-2002, ANG Baring Bank-1998, Satyam-2009
 9. A McKinsey survey of 2000 observes as under.
 - a. Good governance = Good business management.
 - b. Investors pay premium for well governed companies.
 - c. Board practices = Financial performance.
 - d. Good management = Enhancement of Shareholder value.
 - e. Good management practices = pre-empts shareholder activism.
 10. There is a strong correlation between long term economic potential for both a country and a company based on the quality of management and governance practices it is reputed for.
 11. Board of directors with strong independent directors on board build a reputation of quality management decisions in the interest of the company, its employees, and all stakeholders.
 12. Studies show that there are seven characteristics of good governance.
 - There is strong corporate discipline followed by both the Board and Senior management.
 - There is transparency with free, frank and fearless decision making process.
 - There is independence with the organisation which minimises political influences of any kind in the decision making process.
 - There is responsibility and accountability of the Board and Management to all its employees and stakeholders.
 - There is fairness in the decision making and the manner of doing business.
 - There is a strong commitment to the community and the company does a lot of corporate social responsibility programs which enhances both community and

shareholder value.

- The company is a preferred employer for all aspiring prospective employees.
13. Good governance is talked, read and spoken about in the community. In fact business schools and other educational institutions take these as examples in form of case studies and are able to make strong impressions in the minds of the young and talented student community. They indirectly create a sense of good values that gets imbibed in these bright young members of the community.
 14. Poor governance can lead to a destruction of shareholder value as in Satyam and many other cases.
 15. Everybody respects an organisation and a Board that walks the talk. It leads to a strong character building amongst the organisation that has a direct impact on the community it serves.

Shift in the role of Company Secretary

A Company Secretary should ensure the well-being and growth of the company, its Board of Directors and all Stakeholders. He should make sure that the procedure for appointment of directors is followed properly. He/She should also ensure that the newly-appointed directors have a proper induction and special training organized, if the need be. He/She should also provide all types of support and guidance to the directors, helping them in discharging their duties. A Company Secretary should ensure that all statutory and regulatory requirements are properly complied with. They play a key role in ensuring that the decisions of the Board on the whole are properly implemented and communicated within the organization. They should advise the company and its board of Directors on business ethics and corporate governance. A Company Secretary should also ensure that the interest of the stakeholders are safeguarded and should communicate with them on regular basis.

Duties and Responsibilities of a Company Secretary

A Company Secretary is the person who is responsible for organizing board meetings, informing board of directors about the impending meeting, formulating the agenda of the meeting with Chairman and/or Chief Executive, compiling the minutes of the meeting and maintaining minute books.

A Company Secretary has to ensure that Annual General Meeting (AGM) is held as per the Companies Act and the companies' Articles of Association. He/ She is responsible for issuing notices of meetings, distribution of proxy forms, helping directors update themselves and getting prepared in case any shareholder ask questions, helping directors prepare briefing material and ensuring that security arrangements are done for the meeting. During the meeting, they have to ensure that proxy forms are processed properly, voting is carried out properly and recording the minutes of



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the meeting.

A Company Secretary has to ensure that the Memorandum and Articles of Association is properly complied with. In case any amendments are issued, they have to make sure that they are implemented in the right manner.

The Company Secretary has to make sure that company complies with the Yellow Book requirements and it properly implements the model code and/or company code regarding the company's securities. He/she has to maintain relations with Stock Exchange through company's brokers and he/she is responsible for relaying information regarding the company to the market. He/She is responsible for maintaining the statutory registers regarding the members, company charges, directors and secretary, directors' interests in shares and debentures, interests in voting shares and debenture holders.

The Company Secretary is responsible for filing annual reports, amended Memorandum and Articles of Association, return of allotments, notices of appointments, removal and resignation of directors and the secretary, notices of removal or resignation of the auditors, change of registered office and resolutions in accordance with the Companies Act with the Registrar of Companies. Also responsible for the publication of the company's annual report and accounts. They have to maintain the company's register of members, deal with questions of the shareholders and transfer of share-holding etc. They have to regularly communicate with shareholders - both individual and institutional -- through circulars and notices, and ensure the payment of dividends and interest. They have to keep an eye on register of members in case any stakeholder is aiming at taking over the company. Company Secretary to play a key role in implementing acquisitions, disposals and mergers. They have to make sure that proper documentation is in place and proper commercial evaluation is done.

Apart from the above the Company Secretary is supposed to get familiar with Information Technology, Cyber Laws, IPR, Taxation, Transfer Pricing and all other Corporate Laws/Commercial & Labour Laws.

Role of Company Secretary in ensuring requisite safeguards for prevention of insider trading

The global giants lay heavy emphasis on prevention of insider trading. It has become all the more important in view of certain recent developments and conviction in such cases. The ITES companies have their employees based in Client locations or are constantly in touch with their internal developments thus making them privy to confidential price sensitive unpublished information. The Clients thus warrant the ITES companies to have strong

safeguards in place to prevent insider trading by such employees directly or indirectly. The Company Secretary is thus called upon not only to establish and run requisite framework within the organisation but also to demonstrate to the Client as to how exactly it works and is competent enough to prevent any unjust enrichment by the employees at the cost of general shareholder in view of their advantageous position of being privy to inside information.

The framework has to work in a manner that it creates awareness to the new employee right from the day of induction wherein he is required to sign-off a sensitisation cum disclosure undertaking to periodic sign-offs. The Client(s) may also mandate that any transaction in share market by such employees has to be pre-approved by them and call upon the Company to submit the demat account particulars of employees so deployed on Client project. The Company Secretary has to ensure that all such mechanisms are put in place and test them periodically to ascertain the efficacy of the same besides regular monitoring.

Role of a Company Secretary in ensuring and maintaining confidentiality of information

The preservation of confidentiality is the corner stone of any service industry more so in case of Information technology as its the paramount asset as that is what which makes this Industry what it is. Such preservation is a very important activity in the entire gamut of operations of an IT Company wherein any potential discussion would not start without requisite NDAs in place, will not run unless requisite ongoing confidentiality norms are in place and last but not the least will not come to an end with termination of business agreement but the confidentiality norms will survive termination of business agreements or discussions.

Role of Company Secretary in developing, implementing and running a vibrant compliance program in the organisation

Quality certifications are need of the hour for any sustainable business, ISO certification is the most prominent among them. Moreover such quality affirmations are pre-requisites by many global giants prior to engaging any overseas vendor as its process outsourcing partner. Statutory Compliance program is a key pre-requisite for any organisation to procure any such certifications. The Company Secretary being the compliance officer is the person who has to drive this initiative within the organisation.

A robust compliance program may run in the following manner:

- Developing compliance check-lists for each of the departments within the organisation
- Sensitising the Departmental heads about these check-lists and making them owners of their respective compliance check-lists
- Seeking quarterly compliance affirmations from such



departmental heads

- Reviewing the departmental quarterly compliance check-lists and identifying lapses or non-compliances therein and reporting it to the Board of Directors in the form of quarterly CEO/CFO certificate

This quarterly compliance certification is an important aspect of the Corporate Governance structure of the organisation. Studies world over have shown that companies with strong corporate governance practices are relatively sustainable and are viewed by the investors more favourably and find it easier to attract investors, business and thus growth.

Thus the Company Secretary in this role contributes the most towards the sustainability of the organisation and the challenge does not end with implementing the check-lists, the bigger challenge lies in successfully running it. With laws across the globe becoming more and more dynamic with every passing moment, the Company Secretary has to ensure that every check-list is not only up-to-date but all these changes have been conveyed across the organisation in terms of simple to understand action items, so that the persons entrusted with ensuring those compliances can comprehend and do what is expected of them.

SATYAM SCAM AND PREVENTIVE MEASURES

With the view to tightening regulations and ensuring regulatory compliance, so as to studiously avoid the recurrence of scams like Satyam's, the Indian capital market regulator SEBI should follow two distinct approaches - a preventive one or a palliative approach. Palliative measures should aim at detecting similar cases by introducing new processes and additional verification methods. These proactive measures would help build investor confidence. However, preventive measures are more important as they are likely to be more effective in the long run. The Central Government could introduce a simple and brief Act that makes accounting misstatements criminal and impose tough penalty both financial and imprisonment and entrust its implementation to one specified authority with no possibilities of overlapping. The financial penalty should be reflecting the size of the fraud. With a view to enforcing the law and to expediting justice, special courts could be created. The Satyam fiasco, as also all other scams unearthed earlier, make it imperative that corrective measures need to be taken at the earliest to stem the rot. Corrective action is long overdue if corporations are not to cheat stakeholders and the public. Indian corporate promoters often milk their companies by appointing procurement and distribution agents, by under- and over-invoicing imports/exports, evading taxes, indulging in insider trading, and dressing up balance-sheets. Satyam belonged to this category, which is the normal practice in most brick-and-mortar companies. In this context, some more corrective steps are possible. More than statutory auditors, we need to set up a Board of Audit, which like the Comptroller and Auditor General of India, is empowered to conduct surprise audit *suo moto* or on complaints of whistle-

blowers. Besides, an auditor should not be allowed to continue for more than three years with a Company.

The Ministry of Corporate Affairs in consultation with ICAI, ICSI and ICWAI should create a pool of independent directors from amongst citizens of high integrity and prescribe for them adequate remuneration. Cross-directorships must be banned. All agent employments must be thoroughly scrutinized. Penalties must be made stiffer. The conviction rate in corporate frauds, currently under a pathetic 5 per cent, must be improved. The law and administration should come down heavily on breach of trust and fraud. If an auditor fails in his duty in India, he now faces a ridiculous penalty of Rs 10,000 and a maximum of 2 years imprisonment, whereas the US Sarbanes-Oxley Act prescribes imprisonment for 20 years. The US has greatly improved fraud detection by reforming audit methods and offering incentives to whistle-blowers. We must learn from all this and acknowledge that deregulation promoted in the name of 'trusting' CEOs and creating a 'favourable investment climate' is dangerous.

Companies like Satyam indulge in the following activities that come under the ambit of unethical practice:

- Resorting to dishonesty, trickery or deception.
- Distortion of facts with a view to misleading or creating confusion.
- Manipulating executives emotionally by exploiting their vulnerabilities.
- Resorting to profiteering due to excessive greed.
- Over invoicing through false documents to show higher profits.
- Using political clout to avoid penalty or compensation for unlawful act.
- Lack of transparency and avoiding investigation.
- Damaging the environment by violating the government prescribed norms for pollution.
- Resorting to money laundering.
- Diverting through foul means from a public limited company to family-owned concerns.
- Abusing the legally constituted institutions such as boards of directors, auditors and independent directors to achieve nefarious ends.

Business houses that comply with ethics to determine their conduct are increasingly becoming rarer. On the other hand, ethical organizations now recognize the positive effects and outcomes of being ethical, humane and considerate. Because of these virtues, they earn a competitive edge in the market, because of the honesty they show in their services. Their morally upright reputation attracts better employees and helps in their retention. Though ethics may be legally imposed in most cases, self-monitoring, transparency and accountability will ensure earning the trust of the people. Besides this, it makes sense to amend, before one is penalized. We need to create an environment which adheres to strictest philosophies of clean, transparent, and honest business.

Corporate scams and frauds committed against unwary investors



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have been a regular and almost an annual feature in India. But the scale, magnitude, the reach and impact that the Satyam scam had created is unparalleled in the corporate history of India, and as some keen corporate observers point out, the world itself. That the reckless and 'couldn't-care-less' swindlers were operating with impunity within the Company for so long, notwithstanding the army of professional managers, internal auditors, and independent-directors dominated board of directors, the market regulator SEBI, the Company Law Board, the Ministry of Corporate Affairs and the system of jurisprudence only go to show with what great disdain the scamsters looked at all these institutions and authorities.

There is a perception that most Indian, especially the first generation promoters hardly make a distinction between a proprietary enterprise and a public limited company in terms of their rights and privileges and the corresponding responsibilities and accountability. It is a fact "that a vast majority of Indian corporations are controlled by promoter families which while owning a negligible proportion of share capital in their companies, rule them as if they are their personal Property".

The idea of a corporation, and the values and principles that should guide its governance have hardly been imbibed by these promoters. Besides, the growth of corporate culture, not only was implanted much later in India than in the Western countries, but also checkmated by the very same forces that make the emergence of ethical business a difficult proposition in the Indian context. A lax administration, ill-equipped regulatory system and terribly delayed justice delivery process only make things easier for the corporate crooks to make a killing. It is not our case that there are more crooks in the Indian corporate world than found elsewhere, but the overall system here is so conducive and even attractive for them to flourish, rather than make lives difficult for them to continue their trail of crimes.

Corporate Successes and Failures

The major issue arising in the present times, for both management academics and practitioners, relates to the principles which determine corporate successes and failures. That is why some organizations prosper and grow while others collapse. The often unexpected collapse of large companies during the early 1990's and more recently in 2002 has led analysts to look for ways of predicting company failure. Corporate failures are common in competitive business environment where market discipline ensures the survival of fittest. Moreover, mismanagement also leads to corporate failure. Predicting corporate failure is based on the premise that there are identifiable patterns or symptoms consistent for all failed firms.

COMMON CAUSES OF BUSINESS FAILURE - TEN PITFALLS

Failure is a topic most of us would rather avoid. But ignoring obvious

(and subtle) warning signs of business trouble is a surefire way to end up on the wrong side of the business survival statistics.

What is the business survival rate? Statistically, roughly 66 percent of new businesses survive two years or more, 50 percent survive four years or more, and 40 percent survive six years or more, according to the study "Redefining Small Business Success" by the U.S. Small Business Administration. Further, companies that have employees (instead of one-man shops), college-educated owners, and those that have good financing tend to survive longer. Also supported by the numbers in the study, manufacturers overall have a better chance of staying alive compared to service and retail firms. Some of the common cause for failures could be listed as under:

1. Failure to understand your market, your customers, and your customers' buying habits. Two easy questions: Who are your customers? And why do they spend their money with you? You should be able to clearly answer in one or two sentences. Customers are the only people that put money in your account. Without them, you will not survive.
2. Choosing a business that isn't very profitable. Even though you generate lots of activity, the profits never materialize to the extent necessary to sustain an on-going company. We all learned the dot-com (obvious) lesson that to survive, you must have positive cash flow. It takes more than a good idea and passion to stay in business.
3. Failure to understand and communicate what you are selling. You must clearly define your value proposition. What do you do that can help or benefit me? Once you understand it, ask yourself if you are communicating it effectively. Does your market connect with what you are saying?
4. Inadequate financing. Cash is king. If you don't have enough cash to carry you through the sales cycles and downward trends, your prospects for success are not good. When businesses go looking for lenders to provide that cash, they quickly find that funding sources are finicky and difficult to please.
5. Failure to anticipate or react to competition, technology, or other changes in the marketplace. It is dangerous to assume that what you have done in the past will always work. Challenge the factors that led to your success. Do you still do things the same way despite new market demands and changing times? What is your competition doing differently? What new technology is available? Those who fail to do this end up obsolete.
6. Overdependence on a single customer. Pay attention to your revenue sources. If you have a customer that is providing a majority of your income, ask yourself what would happen if they left or went out of business. Where would you be? Whenever you have one customer so big that losing them would mean closing up shop, watch out. Having a large base of small customers is a safer bet.
7. Failure to define your product/service offering. Trying to do everything for everyone is a sure road to failure. Spreading yourself too thin diminishes quality. The market pays excellent rewards for excellent results. Excellent results come from doing



what you do and doing it well over and over again.

8. Keeping your house in order. Slow and steady wins every time. It's hard to believe that too much business can destroy you. To serve your customers well you have to focus on quality, delivery, follow-thru, and follow-up.
9. Poor management. Management of a business encompasses a number of activities: planning, organizing, controlling, directing and communicating. The cardinal rule of small business management is to know exactly where you stand at all times. A common problem faced by successful companies is growing beyond management resources or skills.
10. Lack of planning. If you don't know where you are going, you will never get there. No clear picture of success will lead to *status quo* or worse. To grow and be successful you have to actively work on your business.

INDIA GROWTH STORY

The beginning of the new millennium came as a new dawn for emerging market economies. With increased pace of globalisation, emerging markets were fast becoming attractive business centers and trade hubs. The phenomenon was highly conspicuous in the Asia-Pacific region. Indian economy achieved many milestones in the new era. An economy that used to be slow, steady and conservative evolved into a bullish, fast-paced region. Annual GDP growth, that used to hover around 2-3% in 1980s and 90s was suddenly touching 8-9% mark in 2000-11. investors and companies flocked to India and the investment numbers started soaring rapidly. Share markets also reached new highs and the Indian bull, along with Chinese dragon, became the symbol of Asia's growth story.

Core reasons for failure :

- ▶ Leadership
- ▶ Lack of vision and strategic thinking
- ▶ Failure to ignite passion
- ▶ Financial mismanagement
- ▶ High debt leverage
- ▶ Not in sync with technology and times

Additional causes for failures:

- ▶ Competition and efficiency and productivity
- ▶ Bureaucracy
- ▶ Lack of focus
- ▶ Failure to build talent
- ▶ Love with legacies
- ▶ Paralysis in decision making

Key Findings Are :

- ▶ Lack of profit orientation
- ▶ Insufficient focus on customer
- ▶ Poor decision making
- ▶ Serious language problems
- ▶ Too many unviable outlets
- ▶ Lack of succession planning & progression management

Solutions sought are :

- ▶ Three Years turnaround program
- ▶ Aligning final reporting to international regulatory standards

With the view to tightening regulations and ensuring regulatory compliance, so as to studiously avoid the recurrence of scams like Satyam's, the Indian capital market regulator SEBI should follow two distinct approaches - a preventive one or a palliative approach. Palliative measures should aim at detecting similar cases by introducing new processes and additional verification methods.

- ▶ Financial controls
- ▶ Introduction of SAP
- ▶ Cross functional teams
- ▶ Suppliers reduced and rationalised
- ▶ Closure of plants
- ▶ Closure of overlapping outlets
- ▶ Rationalisation of the costs of purchase
- ▶ Introduction of English language across all locations

ALLIANCE SHOULD BE ' TO '

- ▶ Improve Quality
- ▶ Reduce costs
- ▶ Internationalize
- ▶ Reduce debts

Common objectives could be :

- ▶ Economies of scale
- ▶ Technological knowhow
- ▶ Leadership in quality
- ▶ Attractiveness of products and services

Saving Strategies

After going through a series of highs and stumbling over some economic obstacles over the last 10 years, the Indian economy is looking forward to another eventful decade. The last decade has given a clear message that the phenomenon of globalization is more pronounced than ever and the fates of emerging market economies including that are closely interlinked with that of rest of the world. The economic, political and social instability is an unfortunate reality of today's world order. A reality dawned upon not only on India, but the world economies that are slowing down with a fear of near stagnation and meltdown.

One should lay stress on key opportunity areas - innovation, global competitiveness, entrepreneurship, gaining mindshare v. market share and social responsibility that are not merely good to have, but a must have for entity, be it government or privately held, large or small. If there is any approach that can work in today's context, it is to collaborate and work together to tap the latest potential in these opportunity areas.



Corporate Laws



LW 98.11.2012

ROCKSMELT COMPANY (INDIA) LTD v. GANGA AUTOMOBILES LTD [DEL]

Co.A. Nos. 616-619/2012 in Co. Petition No. 161/1997

P.K.Bhasin, J.
[Decided on 08/10/2012]

Companies Act, 1956 - Winding up - directors personal properties - director gives undertaking to court that his personal properties can be attached - Later turns around and contents personal properties cannot be attached for company's debts - whether tenable - On facts Held, No.

Brief facts

The respondent company was under liquidation. One of the directors of the company Mr. Mukhinder Singh (who died during the pendency of these proceedings and the four applications which are being disposed of by this common order had been moved by his legal heirs) gave an undertaking to the court to the effect that his personal properties could be attached if the company fails to discharge the debt. As the company could not clear the debt the assets are sought to be attached. In these circumstances, Mr. Mukhinder Singh appealed against the attachment order which was later dismissed for non prosecution.

Upon his death his legal heirs moved the court seeking the recall of the attachment on the ground that personal properties of the director cannot be attached for the debt of the company.

Decision: Application dismissed.

Reason

After giving my anxious consideration to the entire matter I find no reason whatsoever to revive the review application no. 1372/1998 as the review petitioner himself during his lifetime had never pursued that application and the reason for that appears to be that he had also filed an appeal before the filing of the review application to challenge the correctness of the order dated 18th August, 1998 whereby the Official Liquidator had been directed to take the custody of the land in question belonging to him. There is another reason also for not entertaining the present four applications for setting aside the abatement of the review application. As noticed already, before filing the review application late Shri Mukhinder Singh had filed an appeal against the order dated 18th August, 1998, of which review was also being sought, on the ground that his personal properties could not be attached and sold to pay off the debts of the Company in liquidation since he was a non-functional Director. That appeal was disposed of as having abated and when the legal heirs of late Shri Mukhinder Singh moved similar applications before the Division Bench for setting aside of the abatement of the appeal the same were not pressed and the Division Bench had accordingly dismissed the same. With the dismissal of the applications moved by the present applicants for setting aside of the abatement of the appeal the order dated 18th August, 1998, of which review was being sought by late Shri Mukhinder Singh, attained finality and so there is now no justification for entertaining the present applications for setting aside of the abatement of review application and is being taken up for hearing on merits.

From the aforesaid narration of the background of this case it also appears that late Shri Mukhinder Singh's attempt was only to wriggle out of his undertaking which he had given to this Court that he shall be personally liable to clear the dues of the Company in liquidation in case the Company itself failed to do that and now after his death his legal heirs also want that somehow or the other this Court does not proceed further to have his undertaking and assurance given to this Court enforced by selling the land which he had placed at the disposal of the Court. For the aforesaid reasons, all the four applications filed by the legal heirs of late Shri Mukhinder Singh are dismissed.

LW 99.11.2012

V. K. KAUL v. SEBI [SAT]

Appeal No. 55 of 2012 & 56 of 2012.



P. K. Malhotra & S.S.N. Moorthy, Members.

[Decided on 08/10/2012]

Sections 12(A) (d), 12(A) (e) of the Securities and Exchange Board of India Act, 1992 read with Regulation 2(c) (i) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - Non executive director of parent company utilising UPSI relating to investments in target company - whether liable - Held, Yes.

Brief facts

Mr. V. K. Kaul was a non-executive independent director of Ranbaxy Laboratories Limited (Ranbaxy) for the period from January 1, 2007 to December 18, 2008. Ranbaxy is the parent company of Solrex Pharmaceuticals Limited (Solrex). Ranbaxy is also the holding company of Rexcel Pharmaceutical Limited (Rexcel). Solrex is a company directly under the control of Ranbaxy.

Certain alerts were generated at the National Stock Exchange Limited and the Bombay Stock Exchange Limited during the period from March 17, 2008 to April 9, 2008 on the basis of which the Board took up joint investigation in the dealings of the scrip of Orchid Chemicals and Pharmaceuticals Ltd. (the target company). Solrex made large investments in the scrip of the target company from March 31, 2008 onward. It was noted that Mrs. Bala Kaul, appellant in Appeal no. 56 of 2012, wife of Mr. V. K. Kaul, appellant in Appeal no. 55 of 2012 had traded in the scrip of the target company ahead of large investments made by Solrex in the scrip of the target company. The funds for the said trading were provided by Mr. V. K. Kaul and trading was done through Religare Securities Limited, who is also the stockbroker of Solrex. Mrs. Bala Kaul bought a total of 35,000 shares at an average price of Rs. 131.71 on 27th and 28th March 2008 and sold them on April 10, 2008 at an average price of Rs. 219.94. This trading was allegedly done on the basis of Unpublished Price Sensitive Information (UPSI) available with Mr. V. K. Kaul to the effect that Solrex is going to invest large amounts in the scrip of the target company.

Show cause notice dated April 8, 2011 was issued to the appellants asking them to furnish their reply to the charges. The appellants denied the charges where after a personal hearing was also granted. After considering the material available on record and the personal hearing, the adjudicating officer of the Board held the appellants guilty of the charges and imposed penalty as stated above.

Decision: Appeals dismissed.

Reason

It will be seen that regulation 3, among others, prohibits an insider, either on his own behalf or on behalf of any other person, from dealing in securities of a company listed on any stock

exchange when he is in possession of any unpublished price sensitive information and any person who deals in securities in contravention of regulation 3 is said to be guilty of insider trading. While we agree with learned senior counsel for the appellant that the decision of Solrex to purchase shares of the target company may not be a UPSI for the target company but it is definitely UPSI for Solrex because the decision of the Solrex to purchase shares of the target company, if published, is likely to materially affect the price of the securities of the target company. The decision taken by Solrex to purchase shares of the target company is not a decision in public domain and known only to insiders of Solrex. Hence it is a price sensitive information for Solrex.

We are, therefore, of the view that the term price sensitive information used in regulation 2(ha) is wide enough to include information relating directly or indirectly to 'a company'. The Solrex had decided to purchase shares of the target company. Here, Solrex is 'the company' and target company is 'a company'. The decision of Solrex to purchase shares of the target company is likely to materially affect the price of securities of the target company. Only the insiders of Solrex are aware about this decision of the company. If the insiders of Solrex are allowed to trade in the shares of the target company ahead of purchase of shares by Solrex, surely the trading will be on the basis of insider information. The decision of Solrex to purchase shares of the target company is, therefore, UPSI for the insiders of Solrex and they are prohibited from dealing in the shares of the target company till such information becomes public. It is not obligatory under the regulations that the UPSI must be in the possession or knowledge of 'a company' in whose securities an insider of 'the company' deals. As long as, an insider of 'the company' deals in the securities of 'a company' listed on any stock exchange while in possession of UPSI relating to that company, the provisions of Regulation 3(i) of the regulations will get attracted.

Let us now look at the status of Mr. V. K. Kaul as to whether, in the facts and circumstances of this case, he falls within the definition of 'insider' as given in regulation 2(e) of the Regulations. We are of the view that answer has to be in the affirmative. He was the whole time director of Ranbaxy till December 31, 2003. In 2008, he was an independent director of Ranbaxy. He was also a member of the audit committee and compensation committee of Ranbaxy. He has attended all the meetings of these two committees which took place in the year 2008. The Board has placed sufficient material on record in the form of record of telephone calls to show that he was in constant touch with Mr. Malvinder Mohan Singh and Mr. Umesh Sethi from March 24, 2008 to March 26, 2008 and was frequently talking to them on telephone. A reasonable presumption can, therefore, be drawn that Mr. V. K. Kaul, being connected person to the company, was aware about the decision taken on March



20, 2008 and March 28, 2008 with regard to the opening of demat account, authorization to Mr. Malvinder Mohan Singh to sanction loan and decision of Solrex to invest in the scrip of the target company.

It has been observed by this Tribunal earlier also in the case of Dilip S. Pendse (*supra*) that charge of insider trading is one of the most serious charge in relation to the securities market and having regard to the gravity of this wrong doing, higher must be the preponderance of probabilities in establishing the same. In support, reliance was also placed on the observations made by the Apex Court in the case of *Mousam Singha Roy v. State of West Bengal* (2003) 12 SCC 377 in the context of administration of criminal justice and observing that these principles apply to civil cases as well where the charge is to be established not beyond reasonable doubt but on the preponderance of the probabilities.

We are also of the view that the adjudicating officer has rightly relied on the observations of U.S.Court in *Rajaratnam* case (*supra*) on the relevance of circumstantial evidence in Para 38 of the impugned order which reads as under :-

"38. Regarding the issue of relevance of circumstantial evidence, the Hon'ble District Court Southern District of New York in the matter of *United States of America v. Raj Rajaratnam* 09 Cr. 1184 (RJH) decided on 11.08.2011 has observed as follows:

"...Moreover, several other Courts of Appeals have sustained insider trading convictions based on circumstantial evidence in considering such factors as "(1) access to information; (2) relationship between the tipper and the tippee; (3) timing of contact between the tipper and the tippee; (4) timing of the trades; (5) pattern of the trades; and (6) attempts to conceal either the trades or the relationship between the tipper and the tippee." *United States v. Larrabee*, 240 F.3d 18, 21-22 (1st Cir. 2001)..."

The above principles are not in conflict with the regulatory framework prescribed by the Board and can be looked into while deciding case of insider trading under the Indian regulatory framework. In the result, the appeals are dismissed with no order as to costs.

LW 100.11.2012

INDIA INFOLINE SECURITIES LIMITED v. SEBI [SAT]

Appeal No. 58 of 2012

P. K. Malhotra & S.S.N. Moorthy, Members.

[Decided on 01/10/2012]

Section 15(HB) of the Securities and Exchange Board of India Act, 1992 read with Regulation 7 of the Securities and Exchange Board of India (Stock Brokers and Sub - Brokers) Regulations, 1992 - unauthorised trading - broker allowing unauthorised trading on behalf of client - Mother is the client and son traded on oral authorisation - whether tenable - Held, No.

Brief facts

The Board conducted investigation in the dealings in the scrip of Asia Star Company Limited (the company) for the period October 10, 2008 to November 20, 2008. The rise in the price of the scrip of the company during the investigation period as against the general fall in Sensex generated suspicion in the trades. The investigation revealed that certain entities of one Mehta group were indulging in circular/reversal/synchronized trades to create artificial volumes in the scrip and the kingpin of the trades was one Sunil Mehta. Usha Mehta, mother of Sunil Mehta, was a client of the appellant broker. During the impugned period the appellant broker allowed Sunil Mehta to operate the account of his mother and engage in the transactions in the scrip of the company which resulted in manipulation of the price of the scrip. So the Board alleged that the appellant had acted in violation of the code of conduct prescribed for stock brokers and for that penal action was warranted. A show cause notice was issued on December 9, 2010. The appellant filed a reply denying all the allegations. This was followed by a personal hearing in which the request regarding statements obtained from Sunil Mehta and other similar documents was sorted out. The appellant filed further written submissions defending its stand claiming that there was no foul play in the operation of Usha Mehta's account by her son and the appellant had taken all possible care and diligence in the operation of the account after obtaining necessary credentials about the identity of the client. The adjudicating officer, after careful consideration of the submissions put forward by the appellant, held the appellant guilty of violating the code of conduct for stock brokers and imposed a sum of Rs.5 lacs as penalty.

Decision: Appeal dismissed.

Reason

We have considered the rival submissions. The role of a stock broker is significant in maintaining the integrity of the stock market. So it is essential to abide by the mandate in the code of conduct prescribed for stock brokers.

In the present case, the trading account of Usha Mehta was admittedly operated by her son Sunil Mehta. It is not in dispute that there was no written authorization from Usha Mehta allowing her son to operate the trading account. The appellant has admitted that it has acted on the verbal authorization of Usha Mehta. It is not a case where the appellant is not conscious of the need for a written authorization for trades to be done on



behalf of another person. The only defense of the appellant is that it acted in good faith taking into account mother son relationship of the family and timely settlement of accounts by the client without giving room for any doubt in his conduct. However, the reply given by the appellant as regards the authorization reveals the fact that the appellant was conscious of the requirement of a written authorization.

Admittedly, the appellant has insisted on necessary KYC documents for establishing the identity of Usha Mehta. However, in the declaration attached to the account opening form of Usha Mehta it is declared that "the first holder is the sole signatory or authorized to operate the trading account". The appellant has, obviously deviated from this declaration of the appellant. It may be true that the appellant was guided by family relationship and oral authorization given by Usha Mehta.

The broker client agreement has got a statutory force since it is meant for observing the rules, bye-laws, regulations and circulars issued by the Exchange. In respect of instructions issued by an authorised representative specific reference is made to the letter authorising the said representatives. Therefore, it cannot be held that there is no requirement to obtain a written authorisation. In other words, a written authorisation is necessary to allow a third person to trade on behalf of the client of the broker. Facts contained in the reply quoted hereinabove would also show that the appellant was aware of the requirements to obtain written authorisation and it continuously followed up with the client for submitting the same. This was not complied with by the client. The adjudicating officer, after verification of the records of the case and the reply filed by the appellant, held that the appellant failed to follow the standard policy of obtaining written authorisation for allowing Sunil Mehta to trade on behalf of his mother. In the show cause notice also while framing the allegation against the appellant it is has been brought on record that the appellant failed to submit before the investigating authority any authority letter from Usha Mehta authorising her son Sunil Mehta in spite of specific undertaking to submit the same. It may be true that the appellant has taken on record all documents on the basis of KYC norms for opening the trading account of the client. But, however, in allowing Sunil Mehta to trade on behalf of his mother who is the client, the appellant has not complied with the requirements of due diligence, skill and integrity required of a broker. We cannot accept the view of the appellant that by verifying the credentials of the client the appellant had discharged the onus of acting with care, due diligence and skill. The submission of the appellant in the grounds of appeal that verbal authorisation is a valid authorisation cannot be accepted especially in the light of the clause in the member client agreement referred to hereinabove. According to the appellant's learned counsel, written authorisation is a requirement between the client and the broker and it has no relevance to the market. In other words, it is not meant for protection of the market but to regulate the relationship

of the broker and the client. Be that as it may, the requirement of written authorisation when the trades are undertaken by a third person cannot be wished away. It has the backing of the rules and regulations and so the broker is bound to abide by the requirements.

Since the appellant did not comply with one of the fundamental requirements of member client relationship we hold that the appellant has failed to exercise due diligence and failed to act with integrity, care and skill as laid down in the stock brokers regulations. So the appellant has defaulted in complying with the stock brokers regulations and penalty is called for.

As held in the case of *SEBI v. Shri Ram Mutual Fund* [2006] 68 SCL 216 (SC) by the Supreme Court penalty must follow once the guilt stands established. In view of the discussion above, the order of the adjudicating officer is upheld. ■

General Laws

LW 101.11.2012

SMT. SEEMA THAKUR & ORS v. SMT. PANCHI DEVI & ORS [DEL]

CS(OS) No.2211/2003

Valmiki J.Mehta, J. [Decided on 21/09/2012]

Indian Stamp Act,1899 - Article 45 read with Section 2(15) - partition suit- shares are determined - stamp duty there on - whether passing of a final decree is required - Held, Yes.

Brief facts

This suit was compromised and the compromise was recorded on 16.11.2005. Rights of the parties in various properties were decided. Defendants had to pay a particular amount to the plaintiff. The issue was whether a final decree has to be passed for the purpose of payment of stamp duty.

Decision Appeal allowed.

Decision & Reason

In a partition suit once shares are determined and there is an order



that properties have to be sold, in law, a final decree has to be passed inasmuch as, government revenue in the form of stamp duty has to be deposited in terms of Article 45 of the Stamp Act, 1899 read with Section 2(15) of the said Act, as per which, a decree of a Court for partition would be included in the expression instrument of partition.

I have had an occasion to consider this aspect in the judgment titled as *Ashok Kumar Arora v. Om Prakash & Ors.* in CS (OS) 541/2003 dated 3.9.2012. It has been held by the learned Single Judge of this Court in the case of *Must. Shahabia Begum v. Must. Pukhraj Begum & Ors.* AIR 1973 Delhi 154 (V 60 C 47) that once there is an order of sale of the properties in a partition suit, a final decree has to be passed.

In view of the above, the suit is disposed of by confirming the order dated 16.11.2005 declaring the shares of the parties as also the other directions containing therein. It is directed that physical partition cannot take place and the sale/purchase will take place in terms of the order dated 16.11.2005. Any issue with regard to the sale of the properties and valuation, if any, will be decided in execution proceedings. Since various orders have also been passed after 16.11.2005, although, a final decree was to be passed at that stage, any of the parties to the present suit can take benefit of the orders passed after 16.11.2005, to the extent the same are necessary for effectuating the order dated 16.11.2005. The suit is disposed of in terms of the aforesaid observations.

LW 102.11.2012

MEDHA KOTWAL LELE & ORS v. UNION OF INDIA & ORS [SC]

Writ Petition (Criminal) Nos. 173-177 of 1999, T.C. (C) No. 21 of 2001 and Civil Appeal Nos. 5009 and 5010 of 2006

R.M. Lodha, Anil R. Dave & Ranjan Gogoi, JJ.

[Decided on 19/10/2012]

Prevention of sexual harassment of women in workplace - Extension of Vishaka guidelines to work place of professionals - Statutory professional bodies such as Bar Council of India, ICSI etc. to implement the guidelines in spirit and substance.

Brief facts

The *Vishaka & Ors. v. State of Rajasthan & Ors* (1997) 6 SCC 241 judgment came on 13.8.1997. Yet, 15 years after the guidelines were laid down by the Supreme Court for the prevention and redressal of sexual harassment and their due compliance under Article 141 of the Constitution of India until such time appropriate legislation was enacted by the Parliament, many women still

struggle to have their most basic rights protected at workplaces. The statutory law is not in place. The Protection of Women Against Sexual Harassment at Work Place Bill, 2010 is still pending in Parliament though Lok Sabha is said to have passed that Bill in the first week of September, 2012. The belief of the Constitution framers in fairness and justice for women is yet to be fully achieved at the workplaces in the country.

This group of four matters – in the nature of public interest litigation – raises principally the grievance that women continue to be victims of sexual harassment at workplaces. The guidelines in *Vishaka*, (1997) 6 SCC 241 are followed in breach in substance and spirit by state functionaries and all other concerned. The women workers are subjected to harassment through legal and extra-legal methods and they are made to suffer insult and indignity.

Decision & Reason

The implementation of the guidelines in *Vishaka* has to be not only in form but substance and spirit so as to make available safe and secure environment to women at the workplace in every aspect and thereby enabling the working women to work with dignity, decency and due respect. There is still no proper mechanism in place to address the complaints of sexual harassment of the women lawyers in Bar Associations, lady doctors and nurses in the medical clinics and nursing homes, women architects working in the offices of the engineers and architects and so on and so forth.

As a largest democracy in the world, we have to combat violence against women. We are of the considered view that the existing laws, if necessary, be revised and appropriate new laws be enacted by Parliament and the State Legislatures to protect women from any form of indecency, indignity and disrespect at all places (in their homes as well as outside), prevent all forms of violence - domestic violence, sexual assault, sexual harassment at the workplace, etc; and provide new initiatives for education and advancement of women and girls in all spheres of life. After all they have limitless potential. Lip service, hollow statements and inert and inadequate laws with sloppy enforcement are not enough for true and genuine upliftment of our half most precious population - the women.

In what we have discussed above, we are of the considered view that guidelines in *Vishaka* should not remain symbolic and the following further directions are necessary until legislative enactment on the subject is in place.

- (i) The States and Union Territories which have not yet carried out adequate and appropriate amendments in their respective Civil Services Conduct Rules (By whatever name these Rules are called) shall do so within two months from today by providing that the report of the Complaints Committee shall be deemed to be an inquiry report in a disciplinary action under such Civil Services Conduct Rules. In other words, the disciplinary authority shall treat the report/findings etc. of the Complaints Committee as the findings in a disciplinary inquiry against the delinquent employee



and shall act on such report accordingly. The findings and the report of the Complaints Committee shall not be treated as a mere preliminary investigation or inquiry leading to a disciplinary action but shall be treated as a finding/report in an inquiry into the misconduct of the delinquent.

- (ii) The States and Union Territories which have not carried out amendments in the Industrial Employment (Standing Orders) Rules shall now carry out amendments on the same lines, as noted above in Clause (i) within two months.
- (iii) The States and Union Territories shall form adequate number of Complaints Committees so as to ensure that they function at taluka level, district level and state level. Those States and/or Union Territories which have formed only one Committee for the entire State shall now form adequate number of Complaints Committees within two months from today. Each of such Complaints Committees shall be headed by a woman and as far as possible in such Committees an independent member shall be associated.
- (iv) The State functionaries and private and public sector undertakings/organisations/bodies/institutions etc. shall put in place sufficient mechanism to ensure full implementation of the *Vishaka* guidelines and further provide that if the alleged harasser is found guilty, the complainant - victim is not forced to work with/under such harasser and where appropriate and possible the alleged harasser should be transferred. Further provision should be made that harassment and intimidation of witnesses and the complainants shall be met with severe disciplinary action.
- (v) The Bar Council of India shall ensure that all bar associations in the country and persons registered with the State Bar Councils follow the *Vishaka* guidelines. Similarly, Medical Council of India, Council of Architecture, Institute of Chartered Accountants, Institute of Company Secretaries and other statutory Institutes shall ensure that the organisations, bodies, associations, institutions and persons registered/affiliated with them follow the guidelines laid down by *Vishaka*. To achieve this, necessary instructions/circulars shall be issued by all the statutory bodies such as Bar Council of India, Medical Council of India, Council of Architecture, Institute of Company Secretaries within two months from today. On receipt of any complaint of sexual harassment at any of the places referred to above the same shall be dealt with by the statutory bodies in accordance with the *Vishaka* guidelines and the guidelines in the present order.

We are of the view that if there is any non-compliance or non-adherence to the *Vishaka* guidelines, orders of this Court following *Vishaka* and the above directions, it will be open to the aggrieved persons to approach the respective High Courts. The High Court of such State would be in a better position to effectively consider the grievances raised in that regard. ■

Tax Laws

LW 103.11.2012

COMMISSIONER OF CUSTOMS, CENTRAL EXCISE & SERVICE TAX v. M/S ASTER TELESERVICES (P) LTD [CESTAT]

Service Tax Appeal No. 1802 of 2010

P. G. Chacko, Judicial Member

[Decided on 04/10/2012]

Service tax on GTA - taking Cenvat benefit while clearing the finished product- whether tenable - Held, Yes.

Brief facts

The respondent was engaged in the manufacture of excisable goods during the material period (April 2007 to February 2008) during which they were utilising the services of Goods Transport Agencies (GTA) for bringing inputs into their factory as well as clearing final products from the factory and they were also paying service tax on the GTA services. They took CENVAT credit of the service tax so paid and utilised the same for payment of duty of excise on their final products. A dispute arose between them and the department as to whether, for payment of service tax on GTA services, they could utilise CENVAT credit of the service tax paid on other input services and duty of excise paid on inputs, such input services and inputs having been utilised in, or in relation to, manufacture of final products. It appears from the order-in-original that the demand was raised on GTA services used for outward transportation of final products from the factory. Aggrieved by that order, the assessee preferred an appeal to the Commissioner (Appeals) and obtained relief. The appellate authority considered the assessee as provider of GTA services and, accordingly, held that utilisation of CENVAT credit of the service tax/excise duty paid on input services/inputs, for payment of service tax on GTA services was in order. The appellate Commissioner's order was reviewed in the department and, accordingly, the present appeal was filed.

Decision : Appeal dismissed.



Reason

It has been argued by the learned counsel for the respondent that, as GTA service (the taxable service referred to in Section 65 (105) (zzp) of the Finance Act, 1994) was specifically excluded from the definition of output service with effect from 1.3.2008, the said service should be held to have been included in the definition prior to the said date. In other words, when the respondent was paying service tax on GTA service, they were doing so on an output service and, therefore, they were entitled to utilise CENVAT credit for payment of such tax. The definition of person liable for paying service tax and the definition of provider of taxable service given under Rule 2 (q) & (r) respectively seem to be supportive of this argument. It is not in dispute that the respondent was liable for paying service tax on GTA service by virtue of Rule 2(1) (d) of the Service Tax Rules, 1994. If that be so, the respondent would squarely fit in the definition of provider of taxable service. In other words, the respondent who was liable to pay service tax on GTA service was also to be deemed to be the provider of that service. This is precisely the view taken by the lower appellate authority and the same is supported by the decision cited by the learned counsel for the respondent. All the cited decisions were rendered for periods prior to 1.3.2008, the date on which GTA service came to be excluded from the scope of the definition of output service. The decision rendered by this Tribunal in the case of ITC Ltd. (*supra*) seems to have been correctly distinguished in the case of *Shree Rajasthan Syntex Ltd.* (*supra*). The Tribunal's decision in the case of *Commissioner of C. Ex., Chandigarh v. Nahar Industrial Enterprises Ltd.* [2007 (7) S.T.R. 26 (Tri.- Del.)] as upheld by the Punjab & Haryana High Court was appropriately relied on in the said case of *Shree Rajasthan Syntex Ltd.* The High Court's decision is to the effect that there is no legal bar to utilisation of CENVAT credit for the purpose of payment of service tax on GTA service by the deemed provider thereof.

It is pertinent to note that the High Court was dealing with the above issue for a period prior to 19.4.2006, the date on which the Explanation to Rule 2(p) of the CCR, 2004 was omitted. Even for a period subsequent to the omission of the said Explanation, as rightly argued by the learned counsel for the respondent, the amendment would have little impact on the present case inasmuch as the respondent was a manufacturer of excisable goods and not one of the persons referred to in the text of the Explanation. In any case, the view taken by the learned Commissioner (Appeals) is squarely supported by the High Court's judgment. In the result, this appeal of the department gets dismissed.

LW 104.11.2012

ULTRATECH CEMENT LTD v. COMMISSIONER OF CENTRAL EXCISE [CESTAT]

E/A/591/2009

S.K. Gaule & Dr. D.M. Misra

[Decided on 18/09/2012]

Seventh Schedule of the Finance Bill, 2008 read with Collection of Taxes Act, 1931 - cement not included in the seventh schedule - duty paid at pre-budget rate while duty was demanded at the post budget rate - whether tenable - Held, No.

Brief facts

The Appellant is engaged in the manufacture of Portland Pozzolana Cement falling under sub-heading 25232930 of the First Schedule to the Central Excise Tariff Act, 1985. The product manufactured by the Appellant carries MRP of more than Rs. 250/- per bag of 50 Kgs. Prior to Budget, 2008, the said item attracted Central Excise Duty at the Tariff Rate of Rs. 600 PMT. Audit issued a spot memo dated 26.08.08 against the Appellant on the ground that from 01.03.2008 to 09.05.2008, they were required to pay tariff rate of duty of Rs. 900/- per tonne instead of Rs. 600/- per tonne. Accordingly, a show cause-cum-demand notice dated 20.03.2009 was issued against them on the ground that by virtue of declared provisions under the provisions of Collection of Taxes Act, 1931 vide Clause 84 read with Seventh Schedule of the Finance Bill, 2008, any increase of Central Excise Duty as amended in the manner specified in the Seventh Schedule of the Finance Act, 2008 will come into force with immediate effect after passing of the Bill on 29.04.2008. The learned Commissioner confirmed the demand of Rs. 85,95,113/- along with the interest and equal amount of penalty under Section 11AC of the Central Excise Act, 1944. Hence the present Appeal.

Decision : Appeal allowed.

Reason

We have considered the submissions and perused the records. Undisputedly, the item i.e.cement, attracted Central Excise Duty at the tariff rate of Rs. 600/- per MT prior to Budget, 2008. After the Finance Bill, 2008, the Department raised and confirmed a demand arising out of the substitution of tariff rate of Rs. 900/- per ton in place of Rs. 600/- per ton for the intervening period from 29.04.2008 to 09.05.2008, the period between the amendment to the Finance Bill, 2008 and the date of enactment. The case of the Department is that the enhanced rate of duty would be applicable with effect from 29.04.2008 itself, on the ground of substitution of amendment in the 7th Schedule of the Finance Bill on 29.04.2008, which was enacted on 10.05.2008 by Section 89 by virtue of the 7th Schedule of the Finance Bill, 2008 and the declared Provisions under Collection of Taxes Act, 1931, vide clause 84 read with 7th Schedule of the Finance Bill, 2008. The case of the Appellant is that the declaration under PCTA was made with reference to clause 84 of the Bill relating to the items figuring in the 7th Schedule, which existed at the material time. In other words, the declaration made under PCTA has to be read with reference to clause 84, which existed at the material time. The cement



manufactured by the Appellant, was not figuring in the 7th Schedule at the introduction of the Bill, 2008. Hence, there was no proposal at the time of introduction of the Finance Bill, 2008 for any increase in the rate of duty on any cement.

From the above it is clear, that the declaration was made with regard to Clause 84 under PCTA read with 7th Schedule of the Finance Bill, 2008, whereby cement manufactured by the Applicant, was not figuring. As regards the rate of cement enhanced w.e.f. 29.04.2008, as per Section 89 read with 7th Schedule of the Finance Bill, 2008, which was enacted on 10.05.2008, no declaration under PCTA was made.

Section 3 of the PCTA empowers the Government, where a Bill to be introduced on its behalf provides for imposition or increase of a duty of customs or excise, to insert in the Bill a declaration that any provision of the Bill relating to such imposition or increase shall have immediate effect under the Act. What is requisite is that by reason of the Bill the customs or excise statute is to be amended either to impose duty for the first time or, where it is already imposed, to increase it. By making the declaration under the said Act the imposition or increase becomes effective upon the introduction of the Bill.

Undisputedly, no declaration under PCTA was made with regard to enhancement of duty on cement to Rs. 900/- PMT, which was moved by way of amendment to Finance Bill, 2008 by the Finance Minister on 29.04.2008. Therefore, the effective date of the enhancement in the present case would be the date of enactment i.e. 10.05.2008.

It therefore follows that any proposal for imposition/increase of duty by way of an amendment will not have immediate effect in absence of declaration under the provisions of the PCTA. Undisputedly, no declaration was made in case of impugned amendment moved after the introduction of Bill. In these circumstances, we find that the learned Commissioner's impugned Order is not sustainable and is accordingly set aside and the Appeal is allowed with consequential relief, if any, as per law.

LW 105.11.2012

**INFOSYS TECHNOLOGIES LTD v.
COMMISSIONER OF INCOME-TAX [AAR]**

A.A.R. No. 1065 of 2011

P.K. Balasubramanyan, Chairman

[Decided on 27/08/2012]

Income-tax Act, 1961 - Sections 9(1)(vii), 195 and 245R(2) - advance ruling-Indian company getting orders from Australian clients- Australian subsidiary of Indian company delivers the services in Australia - Indian company and its Australian

subsidiary enter into a specific contract for this arrangement - Indian company pays to Australian subsidiary for the services provided by it - Australian clients pay to Indian company for the services received-whether the income of Australian company taxable in India - Held, No.

Brief facts

The applicant is an Indian company incorporated under the Companies Act, 1956. It is engaged in the business of development and export of computer software and related services. It has customers across the world. The applicant undertakes the work of software development and related services for its clients across the world. The work would be either onsite work or offshore work.

The applicant has clients in Australia. In the year 1999, it set up a branch office in Australia. Since the applicant felt that it would be more profitable to have a local presence in Australia, the applicant acquired 100% equity of an Australian company. The Expert Information Services Pty. Ltd. The transaction was completed effective from 2.1.2004. That acquired company was re-named Infosys Technologies (Australia) Pty. Ltd. That overseas subsidiary of the applicant is now engaged in the business of development of computer software and related services.

The applicant undertakes work in Australia. It then sub- contracts a part of the work to its subsidiary, Infosys Australia. Infosys Australia performs the work wholly in Australia. The applicant makes payment to Infosys Australia for such work. The applicant wanted a ruling essentially on the question whether the payments made by it to Infosys Australia as consideration for the sub-contract work, is chargeable to tax in India, either under the Income-tax Act, 1961 or under the Double Taxation Avoidance Convention between India and Australia.

Ruling & Reason

What we are concerned with, is the question whether the payment made by the applicant to its Australian subsidiary for the purpose of getting a part of the work done, albeit a major part, is taxable in the hands of Infosys Australia. It is true that Infosys Australia is a 100% subsidiary of Infosys India. They are independent entities in the eye of law. Unless, it is postulated that the applicant is a permanent establishment of Infosys Australia, the income at the hands of Infosys Australia, a non-resident, for the work done by it, cannot be taxed in India. The work in Australia is no doubt secured by the applicant and the income from it is its income. But, what the applicant pays to Infosys Australia for getting the work done in Australia, can only be deemed as its expenditure, as pointed out by the representative of the Revenue. But that does not make that payment taxable at the hands of Infosys Australia by the authorities under the Act. As far as Infosys Australia is concerned, the income is earned by it for the work done in Australia, no doubt,



based on a contract given to it by the applicant for a work the applicant has undertaken to perform in Australia, but that does by itself lead us to the conclusion that the income earned by Infosys Australia is chargeable to tax under the Act.

Can it be said that the entire income earned by Infosys Australia is earned in Australia. The payer is in India. The orders are secured by the applicant and the work sub-contracted to Infosys Australia. The contract as far as Infosys Australia is concerned, is secured from India. What is the source of the income? Is it the place from where it emanates? If it does, does not the income in this transaction emanate from India when the sub-contract is given by the applicant to Infosys Australia? The payer is also in India. Under paragraph 5 of Article 12 of the DTAC, it has to be deemed that the income has arisen in India in this case. The fact that services are rendered in Australia cannot override the legal effect of the circumstances noticed. The applicant is giving directions to Infosys Australia about the performance of its work.

It is not disputed that under the Act, the payment made will be fee for technical services. But no services are performed in India by Infosys Australia. The source could be the payer. But, it is submitted that in this case since the services are performed in Australia, the source would be where the services are performed. The Ruling of this Authority in *International Hotel Licencing Co. S.A.R.L.*, In re (288 ITR 534) is relied on in support. Alternatively, it is pleaded that even if the source of income is found to be India, in terms of the explanation to section 9(1)(i)(a) of the Act, only such part of the income as is attributable to India can be taxed in India. Since Infosys Australia has no Permanent Establishment in India. Article 7 of the DTAC is not attracted. By referring to the decision of the Supreme Court in *Canborandum Co. v. CIT* (108 ITR 335), it is pointed out that in order to rope in the income of a non-resident under the deeming provision in section 9(1) of the Act, it must be shown by the Revenue that some of the operations were carried out in India.

The Revenue has sought to meet these contentions by pointing out that in those days of developed information technology, physical presence of the employees of Infosys Australia in India is not necessary. The contract with the customer is between the applicant and the customer. The contract is not with Infosys Australia. This is a case where the Indian parent and the Australian subsidiary are working on the same project. The work done by Infosys Australia is only part of the work of the project. As far as Infosys Australia is concerned, its source of income is the agreement with the applicant. The responsibility to the customer ultimately is that of the applicant. If what is paid is fees for technical services, then in terms of paragraph 8 of Article 12 of the DTAC no business connection is needed.

In reply, it is submitted that in law in the absence of physical

presence, Infosys Australia must have a fixed place of business in India before its income could be taxed in India. Infosys Australia had performed services only in Australia.

On a consideration of the relevant aspects, it is seen that the source of income of Infosys Australia has to be fixed as India. It cannot be held under the circumstances, on the materials available, that Infosys Australia is making available any technical service to the applicant so as to satisfy the requirement of clause (g) of paragraph 3 of Article 12 of the DTAC. So, whatever may be the position under the Act, in terms of DTAC, the fees for technical services paid is not chargeable to tax in India.

In the light of this, on question no. 1 it is ruled that the income of Infosys Australia arises from a source in India. On question no. 2 it is ruled that what is paid by the applicant to Infosys Australia is fees for technical services, the question of the existence of a Permanent Establishment does not arise. On question no. 3 it is ruled that what is paid to Infosys Australia is fees for technical services under section 9(1)(vii) of the Act, but it is not royalty in terms of Article 12 of the DTAC between India and Australia in terms of the requirements of paragraph 3 (g) of the said Article. The Ruling on question no. 4 is already included in the ruling on question no. 3. Since what is paid is found to be for technical services, question no. 5 does not arise. Since there is no income chargeable to tax in India, question no. 6 is ruled in favour of the applicant. In view of the ruling that no withholding of tax under section 195 of the Act is called for, this question is not ruled on. ■



Consumer Laws

LW 106.11.2012

CITIMAKE BUILDERS PVT LTD v. SAMATA SAHAKARI BANK LTD [NCDRC]

M.A. No. 580 of 2011 in Consumer Complaint No. 141 of 2009

K. S. Chaudhari & Suresh Chandra, JJ.

[Decided on 16/10/2012]

Consumer Protection Act - Section 13 - banking service -



overdraft account - withdrawal of amounts through forged cheques - whether complaint maintainable - Held, No.

Brief facts

Complainants opened Current Account No.1211 in the year 2004 with the opposite party and the said account was operated by Naresh Jain and Abdul Wahid Abdul Gafoor Khatri. On scrutiny of Company's record on 8.11.2008 it was found that Companies account was debited for various amounts which were suspicious entries on the basis of forged and fabricated signatures of the authorized persons/partners without any consent, knowledge and information to the complainant by the opposite party, the opposite party's concerned officers have intentionally and wilfully encashed and honoured about 53 cheques mentioned in paragraph 4 of the complaint without verifying signatures which were *prima facie* forged. The cheques shown to be debited in their account have neither been issued nor signed by them and concerned officers of the opposite party having been in collusion and conspiracy with the erring persons forged cheques have been encashed. Complainants filed criminal complaint against the opposite party on 8.7.2009 and the same is under investigation by Oshiwara Police Station. Opposite party is service provider and on account of deficiency in service, complainants have claimed aforesaid amount from the opposite party. Opposite party filed written statement.

Opposite party moved an application M.A. No. 580 of 2011 and alleged that complaint filed by the complainants needs to be dismissed solely on the ground that fraud as alleged to have been committed by the bank officials of the opposite party does not come under the purview of the Consumer Protection Act as the complaint involves complicated question of facts and law.

Decision : Complaint dismissed.

Reason

Basis of complaint is encashment of about 53 forged and fabricated cheques by the opposite party which were not issued by the complainant or their authorized signatories. These cheques pertain to period commencing from 30.5.2006 to 24.09.2008. Record also contains opinion of Addl. Chief State Examiner of Documents C.I.D., Maharashtra State, Mumbai dated 22.10.2010 which is in two pages, but without any reasoning for the purposes of proving a document genuine or forged. Handwriting expert has to take photos of the documents and has to compare them with the genuine signatures and has to give reasons for proving signatures to be genuine or forged. This opinion neither contains reasoning for similarities/dissimilarities nor contains photos of any document. Detailed examination in chief as well as cross-examination of handwriting expert will be required. About 53 forged cheques are required for examination about their genuineness/forgery. For this, it will require too much time and in such circumstances, the matter cannot be decided in summary nature.

and law arise, complaint should be returned to the complainant to approach Civil Court or any other Forum. Perusal of pleadings clearly reveals that forgery/genuineness of 53 cheques is in issue which involves complicated question of facts and law and involves lot of evidence and detailed enquiry, which cannot be decided in a summary way and in such circumstances application filed by the opposite party should be allowed and complaint should be returned to the complainant.

Perusal of paragraph 4 of the complaint clearly reveals that most of the cheques have been encashed by way of overdraft, thus, it becomes clear that *prima facie* overdraft facility was provided by opposite party to the complainant. Complainant, in reply to the application submitted that overdraft facility was granted against fixed deposit receipt, but it is very much clear that complainant's current account was having facility of overdraft. As current account with overdraft facility was for commercial purpose, *prima facie*, complainant does not fall within the purview of consumer under the Consumer Protection Act and complaint is not maintainable. ■

After going through the pleadings if complicated question of facts



From the Government

Corporate Laws



01 Amendment in NACAS Constitution

[Issued by the Ministry of Corporate Affairs vide F.No. 1/5/2001-CL-V dated 15.10.2012]

In exercise of the powers conferred by sub-section (1) of section 210A of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following amendments in the notification of the Government of India in the Ministry of Corporate Affairs number S.O. 804 (E), dated the 11th April, 2012 published in Part II, Section 3, Sub-section (ii) of the Gazette of India Extra-ordinary dated the 11th April, 2012, namely:-

In the said notification,-

- (i) for serial number 5 and the entries relating thereto, the following serial number and entries shall be substituted, namely:-

“(5) Shri Deepak Singhal, Chief General Manager-in-charge, Department of Banking Operations and Development, Nominee of Reserve Bank of India.	Member, [nominated under clause (d) of sub-section (2) of section 210A].”;
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- (ii) for serial number 11 and the entries relating thereto, the following serial number and entries shall be substituted, namely:-

“(11) Shri V .S. Sundaresan, Chief General Manager, Corporation Finance Department, Securities and Exchange Board of India.	Member [nominated under clause (i) of sub-section (2) of section 210A].”.
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Renuka Kumar
Joint Secretary

02 Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2012

[Issued by the Ministry of Corporate Affairs vide File No. 17/161/2012-CL-V dated 12.10.2012.]

In exercise of the powers conferred by sub-section (1) of section 642 read with section 610B of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules further to amend the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2011, namely: -

- (1) These rules may be called the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2012.
- (2) They shall come into force with effect from the 14.10.2012.
- In the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2011-
 - (a) in rule 2, for clause (b). the following clause shall be substituted namely:-
'(b) "Annexure" means the Annexures enclosed to the rules' ;
 - (b) in rule 3, for the word 'Annexure', the word and figure 'Annexure 1' shall be substituted;
 - (c) after rule 3, the following rule shall be inserted-
"4. The following class of companies have to file their Balance Sheet, Profit and Loss Account and any other document as required under section 220 of the Companies Act, 1956 with the Registrar using the Extensible Business Reporting Language (XBRL) taxonomy given in Annexure II for the financial year commencing on or after 1st April, 2011 with e-Form No. 23AC-XBRL and 23ACA-XBRL specified under the Companies (Central Government) General Rules and Forms, 1956 namely:-
 - (i) all companies listed with any Stock Exchange(s) in their Indian subsidiaries; or
 - (ii) all companies having paid up capital of rupees five crore and above; or
 - (iii) all companies having turnover of rupees one hundred crore and above; or
 - (iv) all companies covered under rule 3;
Provided that the companies in Banking, Insurance, Power Sectors and Non-Banking Financial companies are exempted for Extensible Business Reporting Language (XBRL) filing for the financial year commencing on or after 1st April, 2011.
 - (d) for the word 'Annexure', the word and figure 'Annexure I' shall be substituted;



(e) after the word and figure 'Annexure I', as so substituted, the following shall be inserted, namely:-

'Annexure II

Extensible Business Reporting Language (XBRL) Taxonomy for Balance Sheets and Profit and Loss Accounts as required under Section 220 of the Companies Act, 1956 for the financial year commencing on or after 1st April, 2011

Renuka Kumar
Joint Secretary

03 Amendment of the Companies (Central Government's) General Rules and Forms (6th Amendments Rules, 2012) for Forms 23AC and 23ACA

[Issued by the Ministry of Corporate Affairs vide File No. 17/160/2012-CL-V dated 05.10.2012.]

In the notification of the Government of India, Ministry of Corporate Affairs published in the Gazette of India vide G.S.R (E)..... dated 21st September, 2012 relating to amendment of the Companies (Central Government's) General Rules and Forms (6th Amendments Rules, 2012) for Forms 23AC and 23ACA, in page number 7, in table number C and page number 8, table number E. In the said Rules, for the word "to Directors" appearing after the word loans and advances shall be substituted by word "by Directors."

Avinash K Srivastava
Additional Secretary

04 Amendment to SRO 355 dated 17-1-1957 w.r.t. Govt. Companies under section 166 (2)

[Issued by the Ministry of Corporate Affairs vide File No. 9/1/2011-CL.V dated 01.10.2012.]

In exercise of the powers conferred by sub-section (1) of section 620 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following further amendments in the notification of the Government of India in the erstwhile Department of Company Law Administration vide number S.R.O. 355, dated 17th January, 1957, a copy of this notification having been laid in draft before both houses of Parliament as required by sub-section (2) of that Section, namely:-

In the said notification, in paragraph (2), in sub-paragraph (ii), for the words "such other place as the Central Government may approve in this behalf", the words "some other place within the city, town or village in which the registered office of the company is situate or such other place as the Central

Government may approve in this behalf" shall be substituted.

Renuka Kumar
Joint Secretary

05 Companies (Issue of Indian Depository Receipts) Amendment Rules, 2012.

[Issued by the Ministry of Corporate Affairs vide File No. 5/55/2011-CL-V dated 01.10.2012.]

In exercise of the powers conferred by clause (a) of sub-section (1) of section 642 read with section 605 A of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, further to amend the Companies (Issue of Indian Depository Receipts) Rules, 2004 namely:-

- 1(1) These rules may be called the Companies (Issue of Indian Depository Receipts) Amendment Rules, 2012.
- (2). They shall come into force from the date of publication in the Official Gazette.
2. In the Companies (Issue of Indian Depository Receipts) Rules, 2004, In rule 10, for sub-rule (i), the following sub-rule shall be substituted, namely:-
 "(i) A holder of IDRs may transfer the IDRs, may ask the domestic depository to redeem them or, any person may seek reissuance of IDRs by conversion of underlying equity shares, subject to the provisions of the Foreign Exchange Management Act, 1999, Securities and Exchange Board of India Act, 1992, or the rules, regulations or guidelines issued under these Acts, or other law for the time being in force."

Renuka Kumar
Joint Secretary

06 Filing of Balance Sheet and Profit and Loss Account in Extensible Business Reporting Language (XBRL) Mode for the financial year commencing on or after 1.4.2011

[Issued by the Ministry of Corporate Affairs vide General Circular No. 34/2012 dated 25.10.2012.]

In continuation of the Ministry's General Circular No. 16/2012 dated 06.07.2012, on the subject cited above, it is stated that the time limit to file the financial statements in the XBRL mode without any additional fee/penalty has been extended up to 15th December, 2012 or within 30 days from the date of Annual General Meeting of the company whichever is later.

2. All other terms and conditions of the General Circular No.



16/2012 dated 06.07.2012 will remain the same.

J. N. Tikku
Joint Director

07 Quality of XBRL filing certified by Professional members

[Issued by the Ministry of Corporate Affairs vide General Circular No. 33/2012 dated 16.10.2012.]

1. You are aware that XBRL filing of financial statements by a select class of companies for FY 2010-11 was mandated vide Ministry of Corporate Affairs Notification GSR No: 748(E) dated 05.10.2011. The e-forms were duly certified by CA/ CS / CWA professionals for their completeness and correctness in representation with respect to audited financial statement of the company.
2. A random scrutiny of XBRL filing of financial statements by few companies to MCA for FY 2010-11 reveals significant variations in disclosures in published results and the XBRL filings due to 'incorrect' mapping of disclosures. It has been observed that few disclosures were 'mapped/tagged' with incorrect accounting concept despite availability of appropriate element in taxonomy. It has also been observed that provisions of "Block Text tagging" and/ or "Footnote" have been inappropriately used to report disclosures, like subsidiary details, related party transactions, Director's Report, etc., even when appropriate elements were available in the taxonomy for such disclosures. Few instances of "incorrect" tagging of XBRL documents are provided at Annexure-I.
3. Such filing are inaccurate and do not adequately represent true and fair view of the state of affairs of the company as per Section 211 of the Companies Act, 1956. Such XBRL filings, apart from being misleading, also dilute the effectiveness of XBRL for stakeholders' usage relating to the companies. It is unfortunate that professionals have certified the authenticity of such incorrect data, for which they are liable to be penalized. Such lapses defeat the very purpose of introducing XBRL filings which are meant to elicit more detailed and refined information as to the affairs of companies. Please note that XBRL filings are being minutely scrutinized to see if similar mistakes also appear in a larger sample.
4. It is bounden duty of Institutes to direct its members to take necessary steps to improve the quality of XBRL filing for FY 2011-12 to be undertaken by its members. The Institute may conduct further trainings, issue guidelines, etc. so that such quality related issues are appropriately resolved.
5. This may be accorded high priority.

Pankaj Srivastava
Director

Annexure-I

GENERAL XBRL FILING ERRORS

Errors	Observation
Cash Flow Statement not tagged	The Cash Flow Statement for FY 2010-11 is available in the Audited Financial Statements (PDF file). However, the same has not been tagged in XBRL financial statements filed at MCA portal.
Information of all subsidiaries not provided in XBRL financial statements	Information about one Subsidiary has been tagged in XBRL financial statements whereas the Company had nine Subsidiaries.
Information of all related party transactions not provided in XBRL financial statements	Related Party Disclosures have not been tagged in XBRL financial statement.
Parenthetical (additional disclosures) information not tagged in XBRL financial statements	Aggregate Market Value of Investments not provided by way of footnote. Additional information on Issued, Subscribed & Paid up Share Capital not explained by way of footnote.
Footnotes not tagged in XBRL financial statements.	Footnotes on Share Capital, Secured Loan, Reserve and Surplus, unsecured loan-Fixed deposits, Investments, Fixed Assets, Security deposit, etc have not been tagged. Footnote on "Investments" has not been given.
Different presentation in pdf and XBRL filings	The Annual Report presented before the shareholders the figures were presented in Rs. Thousands whereas in the XBRL documents the figures were provided in Rs. Lakhs.
Incorrect usage of Footnote	Director's Report provided by way of footnote whereas separate tags are available for tagging of Directors' Report. Similarly, for Auditors' Report, Significant Accounting policies, Unsecured Loan, Current Liabilities, etc Footnote has been incorrectly used.

INCORRECT USAGE OF TAGS

A. When appropriate taxonomy element is available			
Line Item	Tag Use (label)	Correct Tag (label)	
Secured Cash Credit from Banks	Term Loan	Working Capital Loans Banks Secured	
Investment in Quoted Equity Shares	Unutilized Money	Equity Securities Long Term Quoted	
Bad debts written off	Other Provisions Created	Bad debts Advances written off	
Investment (joint Venture)	Equity securities long-term unquoted non-trade	Investment joint ventures	
Power and fuel expenses	Electricity expenses	Cost power fuel	
Advertising and Brand marketing	Travelling conveyance	Advertising and promotional expenses	
Travelling and conveyance	Legal professional charges	Travelling conveyance	
Purchase/sale of Fixed Assets	Purchase other Assets, Proceed disposal other assets	Purchase tangible fixed Assets, Proceeds sale disposal tangible fixed assets	

B. Incorrect tagging/ inaccurate disclosures

Line Item	Tag Use	Correct Tag	Remarks
Stock Differential-(Decrease)/Increase	Not tagged separately	Increase decrease inventories	Clubbed with 'Other expenditure'.
Salaries, Wages & Bonus	Tagged as zero	Amount is 92,539,039	It is a mandatory tag. Clubbed with



Power, Fuel, Water & Gas	Tagged as zero	Amount is 248,737,864	'Other expenditure'. Clubbed with 'Other expenditure'.
Manufacturing Cost	Tagged as zero		Clubbed with 'Other expenditure'. It is a manufacturing company.
RAW MATERIALS CONSUMED Opening Stock	Not tagged	Stock of Raw Materials, Opening Balance	Given as part of footnote to 'Raw Materials Consumed'
RAW MATERIALS CONSUMED Add: Purchases	Not tagged	Purchases raw Materials during year	
RAW MATERIALS CONSUMED Less Closing Stock	Not tagged	Stock of Raw Materials, Closing Balance	
Deferred tax liability (Net)	Net Deferred Tax Assets	Deferred Tax Liability	Tagged with negative sign.
Deferred tax Liabilities (Net)	Deferred tax liability depreciation	Deferred tax asset other, Deferred tax asset VRS payment, Deferred tax asset provision for doubtful debts, etc.	Disaggregated disclosures all consolidated into 'Deferred tax liability depreciation'

08 Constitution of a Committee for Reforming the Regulatory Environment for doing Business in India.

[Issued by the Ministry of Corporate Affairs vide General Circular No. 32/2012 dated 15.10.2012.]

In continuation to this Ministry vide circular no. 26/2012 dated 23.08.2012 wherein a Committee has been constituted for Reforming the Regulatory Environment for doing business in India.

In this regard, the 1st meeting of the said committee held on 10.10.2012, thereafter it has been decided to include representatives from PSU Banks/from NTPC and BHEL so as to make the Committee more broad based.

Accordingly, the following persons are made members of the above committee:

- Shri Pratip Chaudhuri, Chairman, State Bank of India
- Shri Arup Roy Choudhury, Chairman & Managing Director, NTPC
- Shri B.P. Rao, Chairman & Managing Director, BHEL

Sanjay Shorey
Joint Director

09 Filing of form 23B by statutory auditor for the accounting year 2012- 13

[Issued by the Ministry of Corporate Affairs vide General Circular No. 31/2012 dated 28.09.2012.]

The Ministry had issued circular No. 14 of 2012 whereby the fees was imposed on filing of 23B as per schedule X of the Act. To ensure smooth filing of the forms 23AC (Non-XBRL) and 23ACA (Non-XBRL), with the approval of the competent

authority, the filing of e-form 23B is extended without any additional fees till 23/12/12 or due date of filing, whichever is later.

Sanjay Kumar Gupta
Deputy Director

10 Filling 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. 30/2012 dated 28.09.2012.]

The Ministry has issued general circulars No. 21/2012 dated 28/09/12 and No. 28/2012 dated 03/09/12 extending time for filing e-form 23AC (Non-XBRL) and 23ACA (Non-XBRL) up to 15/10/12 or within 30 days from the date of AGM whichever is later. The revise e-forms 23AC (Non-XBRL) and 23ACA (Non-XBRL) have now been notified vide notification dated 24/09/12 and shall come into effect from 30/09/12.

In order to ensure smooth filing and to avoid last minute rush, it is to inform you that with the approval of the competent authority, the due date of filing of e-forms 23AC (Non-XBRL) or 23ACA (Non-XBRL) as per new schedule VI is now further extended in following manner without any additional fees:-

- Company holding AGM or whose due date for holding AGM is on or before 20/09/12, the time limit will be 03/11/12 or due date of filing, whichever is later.
- Company holding AGM or whose due date for holding AGM is on or after 21/09/12, the time limit will be 22/11/12 or due date of filing, whichever is later.

Sanjay Kumar Gupta
Deputy Director

11 Limited Liability Partnership (Second Amendment) Rules, 2012

[Issued by the Ministry of Corporate Affairs vide Notification No. GSR 692(E) dated 14.9.2012 Published in the Gazette of India (Extraordinary) Part II(Section3(i))dated 14.09.2012.]

In exercise of the powers conferred by sub-section (2) of section 79 of the Limited Liability Partnership Act, 2008 (6 of 2009), the Central Government hereby makes the following rules, further to amend the Limited Liability Partnership Rules, 2009 namely:-

- These Rules may be called the Limited Liability Partnership (Second Amendment) Rules, 2012.
- They shall come into force with effect from 16th September 2012.

In the Limited Liability Partnership Rules, 2009, in LLP form



From the Government

No.11, in the serial number 12, for item (vii), the following item shall be substituted, namely :-

" (vii) Companies incorporated outside India or Companies registered in Sikkim					
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Renuka Kumar
Joint Secretary

12 Amendment in the Notification G.S.R. 715(E) dated the 23.9. 2011.

[Issued by the Ministry of Corporate Affairs vide Notification No. GSR 664(E) dated 3.9.2012. Published in the Gazette of India, (Extraordinary) Part II-Section3-Sub-section(i) dated 03.09.2012.]

In pursuance of sub-section (1) of Section 621 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following Amendment in the Notification G.S.R. 715(E) dated the 23rd September 2011 Namely :- In item number 2, for the word " Sunita", the word "Sumita" shall be substituted.

Renuka Kumar
Joint Secretary

13 General Order - SEBI (Framework For Rejection of Draft Offer Documents) Order, 2012

[Issued by the Securities and Exchange Board of India vide CIR/CFD/DIL/15/2012 dated 15.10.2012.]

- SEBI has, vide General Order dated October 9, 2012, notified framework for rejection of draft offer documents filed with the Board. The said general order is available on SEBI Website at following link:
http://www.sebi.gov.in/cms/sebi_data/attachdocs/1349953955224.pdf
- All Merchant Bankers are advised to take note of the same and take due care before filing the draft offer document with the Board.
- This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992.
- This circular is available on SEBI website at www.sebi.gov.in under the category "Legal Framework".

V. S. Sundaresan
Chief General Manager

General Order No. 01 of 2012 under S. 11A of Securities and Exchange Board of India Act 1992. SEBI (Framework for Rejection of Draft offer documents) order 2012

In exercise of powers conferred under Section 11A(1)(b) read with Section 4(3) of Securities and Exchange Board of India

(SEBI) Act, 1992, the Securities and Exchange Board of India ("the Board") hereby issues a General Order to lay down general criteria subject to which draft offer documents filed for issue of securities with the Board, may be rejected, where the Board has reasonable grounds to believe, for the protection of interest of investors, that the adequacy and quality of disclosures in such offer documents are not satisfactory, or where an investor may not be able to assess the risks associated with the issue.

Whereas the Board does not regulate on merits or approve, document of offer / issue of securities, but only mandates true, fair and adequate disclosures including the possibility of a sanction where entities are put on notice for applying due diligence and caution while taking a decision to subscribe to the issue. The Board issues a letter of observation(s) specifying changes about disclosures and accordingly, the offer document is required to be modified.

Whereas, in case of rejection of draft offer document, the communication in writing shall contain the reasons therefor. *Therefore*, with the above objective, a draft offer document would be scrutinized based on following broad criteria:

1. Rejection Criteria

1.1 Where Capital Structure involves any of the following;

- Existence of circular transactions for building up the capital / net worth of the issuer.
- Ultimate promoters are unidentifiable.
- Promoters' contribution not complying with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in letter or in spirit.

1.2 Where Object of the Issue;

- Is vague for which a major portion of the issue proceeds are proposed to be utilized .
- Is repayment of loan or inter corporate deposit or any other borrowing of similar nature, and the issuer is not in a position to disclose the ultimate purpose for which the loan was taken or demonstrate utilization of the same for the disclosed purpose.
- Is such where the major portion of the issue proceeds is proposed to be utilized for the purpose which does not create any tangible asset for the issuer, such as, expenses towards brand building, advertisement, payment to consultants, etc., and there is not enough justification for creation of such assets in terms of past performance, experience and concrete business plan of the issuer.
- Is to set up a plant and the issuer has not received crucial clearances / licenses / permissions / approvals from the required competent authority which is necessary for commencement of the activity and because of such non-receipt of clearances / licenses / permissions / approvals, the issue proceeds might not be utilized towards



the stated objects of the issue.

- (v) Is such where the time gap between raising the funds and proposed utilization of the same is unreasonably long.

1.3 Where business model of an issuer is;

Exaggerated, complex or misleading and the investors may not be able to assess the risks associated with such business models.

1.4 Where scrutiny of Financial Statements shows;

- (i) Sudden spurt in the business just before filing the draft offer document and reply to clarifications sought is not satisfactory. This will include spurt in line items such as Income, Debtors/Creditors, intangible assets, etc.
- (ii) Qualified audit reports or the reports where auditors have raised doubts / concerns over the accounting policies. This would also be applicable for the subsidiaries, joint ventures and associate companies of the issuer which significantly contributes to the business of the issuer. This would also be applicable for the entities where the issue proceeds are proposed to be utilized.
- (iv) Change in accounting policy with a view to show enhanced prospects for the issuer in contradiction with accounting norms.
- (iii) Majority of the business is with related parties or where circular transactions with connected / group entities exist with a view to show enhanced prospects of the issuer.

1.5 Where there exists litigation including regulatory action;

- (i) Which is so major that the issuer's survival is dependent on the outcome of the pending litigation.
- (ii) Which is willfully concealed or covered.

1.6 Other General Criteria;

- (i) Failure to provide complete documentation in terms of requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (ii) Non-furnishing of information or delay in furnishing of information or furnishing of Incorrect / vague / misleading/incomplete/false/non satisfactory information to the Board.
- (iii) Failure to resolve conflict of interest, whether direct or indirect, between the issuer and Merchant Banker appointed by the issuer to undertake the book building process. Quantification of conflict of interest may not always be possible but it would largely depend upon the Board's assessment on whether such conflict of interest may affect the judgment and ability of the Merchant Banker in conducting due diligence activity of issuer.

2. Applicability of the General Order

- (i) The General Order issued herein shall be applicable to all the draft offer documents filed for issue of securities, with the Board.
- (ii) The criteria specified for rejection in this General Order is illustrative / indicative and prescribes only general standards.
- (iii) Whereupon the Board after scrutinizing the draft offer document is of the opinion that the criteria mentioned in this General Order are not adhered to by the issuer/Merchant Banker, it may reject the draft offer document filed with the Board. Such scrutiny by the Board may be based on relevant information pertaining to the period of past 5 years from the date of filing of the draft offer document with the Board or any other period as deemed appropriate by the Board in exceptional cases.
- (iv) It is clarified here that mere triggering of any or few criteria mentioned in this General Order would not be considered as an automatic case for rejection and in all such cases a final view on rejection shall be taken by the Board after considering the materiality of the findings and facts and circumstances of each case.

3. One Time Withdrawal Opportunity

As on the date of issuance of this General Order, one-time opportunity for withdrawal of draft offer documents is allowed to the issuers whose draft offer documents are pending with the Board. Draft offer documents can be withdrawn within one month from the date of issuance of this General Order.

4. Consequences of Rejection of Draft Offer Documents

- (i) Entities whose draft offer documents are rejected will not be allowed to access capital markets for at least one year from the date of such rejection and the same may be increased depending upon the materiality of the omissions and commissions.
- (ii) In cases where the Board rejects a draft offer document or where an issuer or a Merchant Banker to an issue chooses to withdraw the draft offer document, there shall be no refund of filing fees with the Board.
- (iii) The rejection of draft offer document under this General Order shall be without prejudice to the right of the Board to initiate any action which may be undertaken against issuer or Merchant Banker, in accordance with law.
- (iv) The list of such draft offer documents rejected by the Board, along with the details of issuers / Merchant Bankers and the reasons for rejection, shall be disseminated by the Board in public domain by hosting on its website.

5. This General Order shall come into force with immediate effect.

Dated : 9 October, 2012

U.K. Sinha
Chairman



14 Public issues in electronic form and use of nationwide broker network of Stock Exchanges for submitting application forms

[Issued by the Securities and Exchange Board of India vide CIR/CFD/14/2012 dated 04.10.2012.]

1. The Hon'ble Finance Minister announced the following in his speech while presenting Union Budget 2012-13:

"Simplifying the process of issuing Initial Public Offers (IPOs), lowering their costs and helping companies reach more retail investors in small towns. To achieve this, in addition to the existing IPO process, I propose to make it mandatory for companies to issue IPOs of Rs.10 crore and above in electronic form through nationwide broker network of stock exchanges"

2. Pursuant to the above, in consultation with various market participants, SEBI has decided to introduce an additional mechanism for investors to submit application forms in public issues using the stock broker ("broker") network of Stock Exchanges, who may not be syndicate members in an issue.
3. This mechanism can be used to submit ASBA as well as non-ASBA applications by investors.
4. Stock Exchanges shall provide for download of application forms on their websites/broker terminals, so that any investor or stock broker can download/print the forms directly.
5. Stock Exchanges shall ensure that the information relating to price band is pre-filled in such downloadable application forms.
6. The facility to submit the application forms will be available in more than 1000 locations which are part of the nationwide broker network of the Stock Exchanges and where there is a presence of the brokers' terminals (hereinafter referred to as "broker centre"). Based on the feedback received from market participants in this regard, it has been decided to increase the number of broker centres, in a phased manner as under:
 - a. **First phase**
Around four hundred (400) broker centres to be covered by January 01, 2013
 - b. **Second phase**
Remaining centres to be covered by March 01, 2013
7. Accordingly, details of locations including name of the broker, contact details such as name of the contact person, postal address, telephone number, e-mail address of the broker, etc. where the application forms shall be collected will be disclosed by the Stock Exchanges on their websites at least 15 days before the dates specified above. Stock Exchanges should ensure that the details so disclosed on their websites are regularly updated.
8. The details of this mechanism and the indicative timelines for various activities under this mechanism are specified at Annexures A and B respectively.

9. Merchant Bankers shall ensure that appropriate disclosures in this regard are made in the offer document.
10. All intermediaries are advised to take necessary steps to ensure compliance with this circular.
11. This circular shall be applicable for all offer documents filed with Registrar of Companies on or after January 01, 2013.
12. This circular is issued in exercise of powers conferred under Section 11 of the Securities and Exchange Board of India Act, 1992.
13. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Issues and Listing".

Sunil Kadam
General Manager
Annexure A

Details of the mechanism

Step 1: Investor to submit the application form to any registered broker (non-syndicate member) and broker to upload the bid on the Stock Exchange platform

- a) Under the mechanism, an investor may submit the application indicating the mode of payment to any registered broker of the Stock Exchange having its office in any of the broker centre of the Stock Exchange
- b) Stock Exchanges shall provide for a mechanism to distinguish applications from syndicate and non-syndicate members
- c) Similar to secondary market transactions where the investor can check the status of its trade on the Stock Exchange website, Stock Exchanges shall facilitate investors to view the status of their issue applications on the websites of Stock Exchanges
- d) All accepted applications shall be stamped and thereby acknowledged by the broker at the time of receipt and will be uploaded on the Stock Exchange platform
- e) Broker shall be responsible for uploading the bid on the Stock Exchange platform, banking the cheque/submitting the ASBA form to SCSB, etc. and liable for any failure in this regard
- f) Stock Exchanges shall take action against brokers who fail to comply with the requirements of this circular and in case of repeated non-compliances; appropriate action shall be taken.

Step 2: In case of non-ASBA application, broker to deposit the cheque, prepare electronic schedule and send it to Banker to the Issue (For ASBA application, Step 2A to apply)

- a) All Bankers to the Issue ("BTI"), which have branch/es in a broker centre, shall ensure that at least one of its branches in the broker centre accepts cheques
- b) Brokers shall deposit the cheque in any of the bank branch of the collecting bank in the broker centre
- c) Brokers shall also update the electronic schedule (containing application details including the application amount) as downloaded from Stock Exchange platform and send it to local branch of the collecting bank
- d) Brokers shall retain all physical applications initially and send it to Registrar to Issue ("RTA" or "Registrar") after 6 months

Step 2A: In case of ASBA application, broker to forward a schedule along with application form to respective ASBA Branch

Broker shall forward a schedule (containing application number and amount) along with application forms to the branch named for ASBA of the respective



self certified syndicate banks (SCSBs) for blocking of fund

Step 3: Local Branch to mark for cheque return/block funds, update electronic schedule and send it to the controlling branch

Local branch of the collecting bank/SCSB shall update the schedule based on cheque clearance/ fund blocking and send it to controlling branch

Step 4: Controlling branch shall consolidate the electronic schedule of all branches and send it to the RTA

Controlling branch shall consolidate the electronic schedule of all branches, reconcile the amount received/blocked with the bank balance and send the consolidated schedule to the RTA along with Final certificate

Step 5: RTA to follow the extant process for other modes

- RTA shall reconcile the schedules received from the bank with the Stock Exchange data
- It shall calculate the compensation payable to each broker and share the details with the Stock Exchange
- It may request for physical application forms directly from Brokers/SCSBs under exceptional circumstances such as discrepancy in PAN/ demat account number/client ID, investor complaint, etc.
- It will follow the usual process of reconciliation, allotment, refund, etc

Other important points

- Acknowledgement by the broker shall form the basis of any complaint
- Brokers shall be made responsible for complaints against the sub-brokers
- Stock Exchanges shall disclose publicly the complaint and grievance redressal mechanism along with monetary/non-monetary penalty as applicable
- Issuer, Merchant Banker and Stock Exchange shall discuss and determine the commission that shall be payable to the non-syndicate member
- The commission that shall be payable to the non-syndicate member shall be disclosed upfront in the offer document
- In order to determine to which syndicate or non-syndicate broker commission is payable to, the terminal from which the bid has been uploaded will be taken into account
- Quantum of commission payable shall be determined not on the basis of allotment, but on the basis of applications which have been considered eligible for the purpose of allotment
- Based on the total commission payable to the non-syndicate broker as calculated by the RTA, Issuer shall disburse the amount to the Stock Exchange before listing and the Stock Exchange in turn shall pay to the brokers through clearing corporation within 2 days from the receipt of money from the issuer
- Listing shall be withheld by the Stock Exchanges till the time issuer pays brokers' commission to the Stock Exchange
- Issuer shall be liable to pay to the brokers for their activity even if the issuer withdraws the issue during the issue period

Annexure B

Indicative timelines for various activities under the mechanism

Sr. No.	Details of Activities	Due Date (Working Day*)
1.	Investor submits a completed bid cum application form indicating the mode of payment to any registered broker	Issue opening date to issue closing date (where T is issue closing date)

2.	Issue closes.	T
3.	Stock exchange(s) to allow brokers to undertake modification of selected fields in the bid details already uploaded. Registrar to get the electronic bid details from the stock exchanges at the end of the day.	T+1
4.	Issuer, merchant banker and registrar to submit relevant documents to the stock exchange(s) except listing application, allotment details and demat credit and refund details for the purpose of listing permission. In case of non-ASBA application, Brokers (Non-Syndicate members) to forward a schedule (containing application number, payment instrument number and amount), and payment instruments to collecting banks. In case of ASBA application, Brokers to forward a schedule (containing application number and amount) along with application forms to the branch named for "Syndicate ASBA" of the respective SCSBs for blocking of fund. Collecting banks/Designated branches may not accept bid schedule, bid applications and payment instrument, after T+2 days. Collecting banks to commence clearing of payment instruments. SCSBs to start blocking funds. Registrar to give bid file received from the stock exchanges containing the application number and amount to all the collecting banks/SCSBs who may use this file for validation/reconciliation at their end. Registrar to commence validation of the electronic bid details with depositories records for DP ID, Client ID and PAN.	T+2
5.	Registrar to continue validation of the electronic bid details with depositories records. Collecting banks to continue clearing of payment instruments. SCSBs to continue blocking funds.	T+3
6.	Registrar to complete validation of the electronic bid details with depositories records. Local Branch of the collecting banks/SCSBs to start sending bank schedules to controlling branch.	T+4
7.	Registrar to prepare list of rejected bids based on mis-match between electronic bid details and depositories data base. Registrar to undertake "Technical Rejection" test based on electronic bid details and prepare list of technical rejection cases. Local Branch of the collecting banks/SCSBs to complete sending bank schedules to controlling branch.	T+5
8.	Controlling branch of the collecting banks/SCSBs to submit status of clearance status of payment instrument/Blocking of fund i.e. "Final Certificate" to the registrar.	T+6
9.	Registrar to undertake and complete reconciliation of final certificate received from the controlling branch with electronic bid details. Registrar submits the final basis of allotment to Designated Stock Exchange(s) for approving the basis of allotment.	T+7
10.	Designated stock exchange(s) to approve the basis of	T+8



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	allotment. Registrar to prepare funds transfer schedule based on approved allotment. Registrar to give instructions to depositories to carry out lock-in for pre issue capital.	
11.	Registrar and merchant banker to issue funds transfer instructions to collecting banks/SCSBs. Collecting banks/SCSBs to credit the funds in Public Issue Account of the issuer and confirm the same. Issuer to make allotment. Registrar to give instruction to depositories for credit of shares to successful allottees. Registrar to receive confirmation for pre-issue capital lock-in from depositories.	T+9
12.	Issuer and registrar to file allotment details with designated stock exchange(s) and confirm all formalities are completed except demat credit and refund. Registrar to complete refund dispatch. Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks/SCSBs.	T+10
13.	Registrar to receive confirmation of demats credit from depositories and submit the same to the stock exchange(s). Issuer and registrar to file confirmation of demat credit and refund dispatch with stock exchange(s). Issuer to make a listing application to stock exchange(s) and stock exchanges to give listing and trading permission. Issuer, merchant banker and registrar to publish allotment advertisement before the commencement of trading, prominently displaying the date of commencement of trading, in all the newspapers where issue opening/ closing advertisements have appeared earlier. Stock exchange(s) to issue commencement trading notice.	T+11
14.	Trading commences	T+12

*Working days will be all days excluding Sundays and bank holidays.

15 Review of Margining with respect to Exchange Traded Funds (ETFs)

[Issued by the Securities and Exchange Board of India vide CIR/MRD/DP/26/2012 dated 26.09.2012.]

1. This is further to the Risk Management framework for Cash Market specified by SEBI vide circular no. MRD/DoP/SE/Cir-07/2005 dated February 23, 2005 and modification thereto. The following additional provisions are hereby incorporated in the said framework:

A. Use of VaR Methodology with respect to Exchange Traded Funds

- I. Index ETFs are based on a basket of securities. However, for computing margins on ETFs they are treated at par with stocks and margins that

are applicable on stocks are being applied for ETFs.

- II. In order to bring efficiency in margining of index ETFs, it has been decided that VaR margin computation for ETFs that track an index shall be computed as higher of 5% or three times sigma of the ETF.
- III. The revised margin framework is applicable to ETFs that tracks broad based market indices and does not include ETFs which track sectoral indices.

B. Introduction of Cross-Margining facility in respect of offsetting positions in ETFs based on equity indices and constituent stocks.

- I. SEBI vide its circular SEBI/DNPD/Cir-44/2008 dated December 02, 2008 allowed cross margining across cash segment and exchange traded derivatives segments.
- II. In order to facilitate efficient use of margin capital by market participants, it has been decided to extend cross margining facility to ETFs based on equity index and its constituent stocks for following off-setting positions in cash market segment, as follows:
 - ◆ ETFs and constituent stocks (in the proportion specified for the ETF) to the extent they offset each other,
 - ◆ ETFs and constituent stocks futures (in the proportion specified for the ETF) to the extent they offset each other and
 - ◆ ETFs and relevant Index Futures to the extent they offset each other.
- III. In the event of a suspension on creation / redemption of the ETF units, the cross-margining benefit shall be withdrawn.

2. Stock Exchanges are advised to:

- a. take necessary steps and put in place necessary systems for implementation of the above.
- b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
- c. bring the provisions of this circular to the notice of the member brokers of the stock exchange and also to disseminate the same on the 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.



16 Securities and Exchange Board of India (Issue and Listing of Debt Securities)(Amendment) Regulations, 2012.

[Issued by the Securities and Exchange Board of India vide LAD-NRO/GN/2012-13/19/5392 dated 12.10.2012. Published in the Gazette of India (Extraordinary) Part III - Section 4 dated 12.10.2012.]

In exercise of the powers under section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to amend the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, namely:-

- 1 These regulations shall be called the Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012.
- 2 These regulations shall come into force on the thirtieth day from the date of their publication in the Official Gazette.
- 3 In the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008,—
 - i. in regulation 19, after sub-regulation (2), the following new sub-regulation shall be inserted, namely,—

"(3) Where the issuer has disclosed the intention to seek listing of debt securities issued on private placement basis, the issuer shall forward the listing application along with the disclosures specified in Schedule I to the recognized stock exchange within fifteen days from the date of allotment of such debt securities."
 - ii. In regulation 21, after the words "shall make disclosures" and before the words "as specified in Schedule I", the words "in a disclosure document" shall be inserted.
 - iii. After regulation 21, the following new regulation shall be inserted, namely,—

"Filing of Shelf Disclosure Document."

21A. (1) An issuer making a private placement of debt securities and seeking listing thereof on a recognised stock exchange may file a Shelf Disclosure Document containing disclosures as provided in Schedule I.

(2) An issuer filing a Shelf Disclosure Document under sub-regulation (1), shall not be required to file disclosure document, while making subsequent private placement of debt securities for a period of 180 days from the date of filing of the shelf disclosure document.

Provided that the issuer while making any private placement under Shelf Disclosure Document, shall file with the concerned stock exchange updated

disclosure document with respect to each tranche, containing details of the private placement and material changes, if any, in the information provided in Shelf Disclosure Document."

- iv. Schedule I shall be substituted with the following, namely,-

"SCHEDULE I

[See Regulation 5 (2) (b), Regulation 19(3), Regulation 21 and Regulation 21A]

DISCLOSURES

1. The issuer seeking listing of its debt securities on a recognized stock exchange shall file the following disclosures along with the listing application to the stock exchange:
 - A. Memorandum and Articles of Association and necessary resolution(s) for the allotment of the debt securities;
 - B. Copy of last three years audited Annual Reports;
 - C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
 - D. Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories.
 - E. An undertaking from the issuer stating that the necessary documents for the creation of the charge, where applicable, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules etc and the same would be uploaded on the website of the Designated Stock exchange, where the debt securities have been listed, within five working days of execution of the same.
 - F. Any other particulars or documents that the recognized stock exchange may call for as it deems fit.
 - G. An undertaking that permission / consent from the prior creditor for a second or pari passu charge being created, where applicable, in favor of the trustees to the proposed issue has been obtained.
2. Issuer shall submit the following disclosures to the Debenture Trustee in electronic form (soft copy) at the time of allotment of the debt securities:
 - A. Memorandum and Articles of Association and necessary resolution(s) for the allotment of the debt securities;
 - B. Copy of last three years' audited Annual Reports;
 - C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
 - D. Latest Audited/Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (Profit & Loss statement, Balance Sheet and Cash Flow



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statement) and auditor qualifications, if any.

- E. An undertaking to the effect that the Issuer would, till the redemption of the debt securities, submit the details mentioned in point (D) above to the Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No.SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time, for furnishing/publishing its half yearly/ annual result. Further, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within two working days of their specific request.

3. The following disclosures shall be made where relevant:

A. Issuer Information

Name and address of the following:-

- Registered office of the Issuer
 - Corporate office of the Issuer
 - Compliance officer of the Issuer
 - CFO of the Issuer
 - Arrangers, if any, of the instrument
 - Trustee of the issue
 - Registrar of the issue
 - Credit Rating Agency (-ies) of the issue and
 - Auditors of the Issuer
- b. A brief summary of the business/ activities of the Issuer and its line of business containing atleast following information:-
- Overview
 - Corporate Structure
 - Key Operational and Financial Parameters * for the last 3 Audited years
 - Project cost and means of financing, in case of funding of new projects

*At least covering the following - Consolidated basis (wherever available) else on standalone basis

Parameters	Upto latest Half Year	FY...	FY...	FY...
For Non-Financial Entities				
Networth				
Total Debt				
of which - Non Current Maturities of Long Term Borrowing				
- Short Term Borrowing				
- Current Maturities of Long Term Borrowing				
Net Fixed Assets				

Non Current Assets				
Cash and Cash Equivalents				
Current Investments				
Current Assets				
Current Liabilities				
Net sales				
EBITDA				
EBIT				
Interest				
PAT				
Dividend amounts				
Current ratio				
Interest coverage ratio				
Gross debt/equity ratio				
Debt Service Coverage Ratios				
For Financial Entities				
Networth				
Total Debt				
of which - Non Current Maturities of Long Term Borrowing				
- Short Term Borrowing				
- Current Maturities of Long Term Borrowing				
Net Fixed Assets				
Non Current Assets				
Cash and Cash Equivalents				
Current Investments				
Current Assets				
Current Liabilities				
Assets Under Management				
Off Balance Sheet Assets				
Interest Income				
Interest Expense				
Provisioning & Write-offs				
PAT				
Gross NPA (%)				
Net NPA (%)				
Tier I Capital Adequacy Ratio (%)				
Tier II Capital Adequacy Ratio (%)				

Gross Debt: Equity Ratio of the Company:-

Before the issue of debt securities	
After the issue of debt securities	

- c. A brief history of the Issuer since its incorporation giving details of its following activities:-

- i. Details of Share Capital as on last quarter end:-

Share Capital	Rs
Authorized Share Capital	
Issued, Subscribed and Paid-up Share Capital	

- ii. Changes in its capital structure as on last quarter end, for the last five years:-

Date of Change (AGM/EGM)	Rs	Particulars



iii. Equity Share Capital History of the Company as on last quarter end, for the last five years:-

Date of Allotment	No of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No of equity Shares	Equity Share Capital (Rs)	Equity Share Premium (in Rs)	

Notes: (If any)

- iv. Details of any Acquisition or Amalgamation in the last 1 year.
v. Details of any Reorganization or Reconstruction in the last 1 year:

Type of Event	Date of Announcement	Date of Completion	Details

- d. Details of the shareholding of the Company as on the latest quarter end:-
i. Shareholding pattern of the Company as on last quarter end:-

Sr No	Particulars	Total No of Equity Shares	No of shares in demat form	Total Shareholding as % of total no of equity shares

Notes: - Shares pledged or encumbered by the promoters (if any)

- ii. List of top 10 holders of equity shares of the Company as on the latest quarter end:-

Sr No	Name of the shareholders	Total No of Equity shares	No of Shares in demat form	Total Shareholding as % of total no of equity shares

- e. Following details regarding the directors of the Company:-
i. Details of the current directors of the Company*

Name, Designation and DIN	Age	Address	Director of the Company since	Details of other directorship

* Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any.

- ii. Details of change in directors since last three years:-

Name, Designation and DIN	Date of Appointment / Resignation	Director of the Company since (in case of resignation)	Remarks

- f. Following details regarding the auditors of the Company:-

- i. Details of the auditor of the Company:-

Name	Address	Auditor since

- ii. Details of change in auditor since last three years:-

Name	Address	Date of Appointment / Resignation	Auditor of the Company since (in case of resignation)	Remarks

- g. Details of borrowings of the Company, as on the latest quarter end:-

- i. Details of Secured Loan Facilities :-

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date / Schedule	Security

- ii. Details of Unsecured Loan Facilities:-

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date / Schedule

- iii. Details of NCDs:-

Debt Series	Tenor/ Period of Maturity	Coupon	Amount	Date of Allotment	Redemption on Date/ Schedule	Credit Rating	Secured/ unsecured	Security

- iv. List of Top 10 Debenture Holders (as on)

Sr. No.	Name of Debenture Holders	Amount

Note: Top 10 holders' (in value terms, on cumulative basis for all outstanding debentures issues) details should be provided.

- v. The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the



From the Government

subsidiary, JV entity, group company, etc) on behalf of whom it has been issued.

- vi. Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its breakup in following table:-

Maturity Date	Amt Outstanding

- vii. Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on:-

Party Name (in case of Facility) /Instrument Name	Type of Facility/ Instrument	Amt Sanctioned /Issued	Principal Amt outstanding	Repayment Date /Schedule	Credit Rating	Secured/ Unsecured	Security

- viii. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 5 years .

- ix. Details of any outstanding borrowings taken/debt securities issued where taken/issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option;

- h. Details of Promoters of the Company:-

- i. Details of Promoter Holding in the Company as on the latest quarter end :-

Sr No	Name of the shareholders	Total No of Equity Shares	No of shares in demat form	Total shareholding as % of total no of equity shares	No of Shares Pledged	% of Shares pledged with respect to shares owned.

- i. Abridged version of Audited Consolidated (wherever available) and Standalone Financial Information (like Profit & Loss statement, Balance Sheet and Cash Flow statement) for at least last three years and auditor qualifications , if any. *
- j. Abridged version of Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial

Information (like Profit & Loss statement, and Balance Sheet) and auditors qualifications, if any. *

- k. Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities.

- l. The names of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given his consent to the Issuer for his appointment under regulation 4 (4) and in all the subsequent periodical communications sent to the holders of debt securities.

- m. The detailed rating rationale (s) adopted (not older than one year on the date of opening of the issue)/ credit rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies shall be disclosed.

- n. If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure(procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

- o. Copy of consent letter from the Debenture Trustee shall be disclosed.

- p. Names of all the recognised stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange.

- q. Other details

- i. DRR creation - relevant regulations and applicability.
- ii. Issue/instrument specific regulations - relevant details (Companies Act, RBI guidelines, etc).
- iii. Application process.

- * Issuer shall provide latest Audited or Limited Review Financials in line with timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No.SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time , for furnishing / publishing its half yearly/ annual result.



B. Issue details

- Summary term sheet shall be provided which shall include at least following information (where relevant) pertaining to the Secured / Unsecured Non Convertible debt securities (or a series thereof):-

Security Name	Name of the bond which includes (Issuer Name, Coupon and maturity year) e.g. 8.70% XXX 2015.
Issuer	
Type of Instrument	
Nature of Instrument	Secured or Unsecured
Seniority	Senior or Subordinated.
Mode of Issue	Private placement
Eligible Investors	
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	
Rating of the Instrument	_____ by _____ Ltd.
Issue Size	
Option to retain oversubscription (Amount)	
Objects of the Issue	
Details of the utilization of the Proceeds	
Coupon Rate	
Step Up/Step Down Coupon Rate ¹	
Coupon Payment Frequency	
Coupon payment dates	Dates on which coupon will be paid.
Coupon Type	Fixed, floating or other coupon structure.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	
Day Count Basis	Actual/ Actual
Interest on Application Money	
Default Interest Rate	
Tenor	___ Months from the Deemed Date of Allotment
Redemption Date	Dates on which Principal will be repaid.
Redemption Amount	
Redemption Premium /Discount	
Issue Price	The price at which bond is issued
Discount at which security is issued and the effective yield as a result of such discount.	
Put option Date	
Put option Price	
Call Option Date	
Call Option Price	
Put Notification Time	Timelines by which the investor need to intimate Issuer before exercising the put option.
Call Notification Time	Timelines by which the Issuer need to intimate investor before exercising the call option.
Face Value	Rs 10 lakhs per instrument for all the issues
Minimum Application and in multiples of ___ Debt securities thereafter	
Issue Timing	
1. Issue Opening Date	
2. Issue Closing Date	
3. Pay-in Date	
4. Deemed Date of Allotment	
Issuance mode of the Instrument	Demat only (for private placement)

Trading mode of the Instrument	Demat only (for private placement)
Settlement mode of the Instrument	Insert details of payment procedure
Depository	
Business Day Convention ²	
Record Date	15 days prior to each Coupon Payment / Put Option Date / Call Option Date / Redemption date.
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security).	
Transaction Documents ³ Conditions Precedent to Disbursement Condition Subsequent to Disbursement Events of Default Provisions related to Cross Default Clause	N/A (Not Applicable) in case clause is not there else full description of the clause to be provided
Role and Responsibilities of Debenture Trustee Governing Law and Jurisdiction	

Notes:

- If there is any change in Coupon Rate rate pursuant to any event including elapse of certain time period or downgrade in rating , then such new Coupon Rate and events which lead to such change should be disclosed.
 - The procedure used to decide the dates on which the payment can be made and adjusting payment dates in response to days when payment can't be made due to any reason like sudden bank holiday etc., should be laid down.
 - The list of documents which has been executed or will be executed in connection with the issue and subscription of debt securities shall be annexed.
- In privately placed issues, additional Covenants shall be included as part of the Issue Details on the following lines, as per agreement between the issuer and investor:
 - Security Creation (where applicable): In case of delay in execution of Trust Deed and Charge documents, the Company will refund the subscription with agreed rate of interest or will pay penal interest of atleast 2% p.a. over the coupon rate till these conditions are complied with at the option of the investor.
 - Default in Payment: In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of atleast @ 2% p.a. over the coupon rate will be payable by the Company for the defaulting period
 - Delay in Listing: In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest of atleast 1 % p.a. over the coupon rate



from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor.

The interest rates mentioned in above three cases are the minimum interest rates payable by the Company and are independent of each other."

U.K. Sinha
Chairman

17 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012

[Issued by the Securities and Exchange Board of India vide Notification LAD-NRO/GN/2012-13/18/5391 dated 12.10.2012. Published in the Gazette of India (Extraordinary) Part III - Section 4 dated 12.10.2012.]

In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to further amend the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 –
 - (i) in regulation 2, in sub-regulation (1), after clause (n), the following new clause shall be inserted, namely -
"(na) "General Corporate Purposes" include such identified purposes for which no specific amount is allocated or any amount so specified towards General Corporate Purpose or any such purpose by whatever name called, in the draft offer document filed with the Board:
Provided that any issue related expenses shall not be considered as a part of General Corporate Purpose merely because no specific amount has been allocated for such expenses in the draft offer document filed with the Board."
 - (ii) in regulation 4, after sub-regulation (3), the following new sub-regulation shall be inserted, namely-
"(4) The amount for general corporate purposes, as mentioned in objects of the issue in the draft offer document filed with the Board, shall not exceed twenty five per cent of the amount raised by the issuer by

issuance of specified securities."

- (iii) in regulation 5, -
 - (A) in sub-regulation (3), for the full stop, the symbol ":" shall be substituted;
 - (B) after sub-regulation (3), the following proviso shall be inserted, namely,
"Provided that where any of the merchant bankers is an associate of the issuer, it shall declare itself as a marketing lead manager and its role shall be limited to marketing of the issue."
- (iv) in regulation 10, in sub-regulation (1), in clause (b) the words "five thousand crore rupees" shall be substituted with the words "three thousand crore rupees";
- (v) in regulation 11, after sub-regulation (4), the following new sub-regulation shall be inserted, namely-
"(5) An issue shall be opened after at least three working days from the date of registering the red herring prospectus with the Registrar of Companies."
- (vi) in regulation 13, in sub-regulation (2), in the proviso, the words "fifty per cent." shall be substituted with the words "seventy five per cent.".
- (vii) in regulation 26, in sub-regulation (1), for clause (b), the following shall be substituted, namely-
"(b) it has a minimum average pre-tax operating profit of rupees fifteen crore, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years."
- (viii) in regulation 26, sub-regulation (2) shall be substituted with the following, namely, -
"(2) An issuer not satisfying the condition stipulated in sub-regulation (1) may make an initial public offer if the issue is made through the book-building process and the issuer undertakes to allot, at least seventy five percent of the net offer to public, to qualified institutional buyers and to refund full subscription money if it fails to make the said minimum allotment to qualified institutional buyers."
- (ix) in regulation 30, -
 - (A) in sub-regulation (2),
 - (i) the words "If the floor price or price band is not mentioned in the red herring prospectus," shall be omitted;
 - (ii) the words "two working days" shall be substituted with the words "five working days";
 - (B) after sub-regulation (3), the following new sub-regulation shall be inserted, namely-
"(3A) The announcement referred to in sub-regulation (2) and the relevant financial ratios referred to in sub-regulation (3) shall be disclosed on the websites of those stock exchanges where the securities are proposed to be listed and shall also be pre-filled in the application forms available on the websites of the stock exchanges."



- (x) in regulation 32, in sub-regulation (1) -
 - (A) in clause (a), for the symbol ";", the symbol ":" shall be substituted;
 - (B) after clause (a) the following proviso shall be inserted, namely,

"Provided that in case the post issue shareholding of the promoters is less than twenty per cent., alternative investment funds may contribute for the purpose of meeting the shortfall in minimum contribution as specified for promoters, subject to a maximum of ten per cent of the post issue capital."
- (xi) in regulation 33, in sub-regulation (1)-
 - A. in clause (b), after the words "acquired by promoters", the words "and alternative investment funds", shall be inserted.
 - B. In clause (b), in the proviso, in para (i), after the words "if promoters", the words and symbol "/alternative investment funds, as applicable", shall be inserted.
 - C. In clause (c), after the words "allotted to promoters", the words "and alternative investment funds", shall be inserted.
- (xii) in regulation 36, in clause (a), after the words "minimum promoters' contribution" and before the words "shall be", the words and symbols "including contribution made by alternative investment funds, referred to in proviso to clause (a) of sub-regulation (1) of regulation 32," shall be inserted.
- (xiii) in regulation 43,
 - (A) sub-regulation (2) shall be substituted with the following, namely -

"(2) In an issue made through the book building process under sub-regulation (1) of regulation 26, the allocation in the net offer to public category shall be as follows:

 - (a) not less than thirty five per cent to retail individual investors;
 - (b) not less than fifteen per cent to non-institutional investors;
 - (c) not more than fifty per cent to qualified institutional buyers, five per cent. of which shall be allocated to mutual funds:

Provided that in addition to five per cent allocation available in terms of clause (c), mutual funds shall be eligible for allocation under the balance available for qualified institutional buyers.";

- (B) after sub-regulation (2), the following new sub-regulation shall be inserted, namely:

"(2A) In an issue made through the book building process under sub-regulation (2) of regulation 26, the allocation in the net offer to public category shall be as follows:

 - (a) not more than ten per cent to retail individual

- investors;
- (b) not more than fifteen per cent to non-institutional investors;
- (c) not less than seventy five per cent to qualified institutional buyers, five per cent. of which shall be allocated to mutual funds:

Provided that in addition to five per cent. allocation available in terms of clause (c), mutual funds shall be eligible for allocation under the balance available for qualified institutional buyers."

- (xiv) in regulation 49, in sub-regulation (1), the words "five thousand rupees to seven thousand rupees" shall be substituted with the words "ten thousand rupees to fifteen thousand rupees".

- (xv) in regulation 50,-

- (A) in sub-regulation (1), after the words "to applicants other than" and before the words "anchor investors", the words "retail individual investors and" shall be inserted;

- (B) after sub-regulation (1) the following new sub-regulation shall be inserted, namely,-

"(1A) The allotment of specified securities to each retail individual investor shall not be less than the minimum bid lot, subject to availability of shares in retail individual investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis."

- (xvi) after regulation 51, the following new regulation shall be inserted, namely,-

"Annual Updation of Offer Document

51A. The disclosures made in the red herring prospectus while making an initial public offer, shall be updated on an annual basis by the issuer and shall be made publicly accessible in the manner specified by the Board."

- (xvii) in regulation 57, in sub-regulation (2), -

- (A) in clause (b), for the full stop the symbol ":" shall be substituted;

- (B) after clause (b), the following proviso shall be inserted, namely-

"Provided that in the case of a further public offer or a rights issue, the offer document shall be deemed to be in compliance with the provisions of this regulation, if suitable references are made to the updated disclosures in the offer document referred to in regulation 51A of these regulations."

- (xviii) in regulation 85,

- (A) in sub-regulation (1), for the full stop the symbol ":" shall be substituted;

- (B) after sub-regulation (1), following proviso shall be inserted, namely, -



"Provided that the issuer may offer a discount of not more than five per cent. on the price so calculated for the qualified institutions placement, subject to approval of shareholders as specified in clause (a) of regulation 82 of these regulations."

(xix) in Schedule VI, in Form A, after para (16), following new Para shall be inserted, namely -

"(17) We certify that profits from related party transactions have arisen from legitimate business transactions."

(xx) in Schedule VII, -

(A) in para (1), -

(I) in clause (d), -

(i) the words "or deletion" shall be omitted;

(ii) the words "a change" shall be substituted with the words an increase ";

(iii) the words "ten per cent" shall be substituted with the words "twenty per cent";

(iv) after the full stop, the following shall be inserted, namely, -

"However, if there are grounds to believe that there is an exacerbation of risk on account of deletion of an object resulting in a decrease in issue size by more than twenty per cent., the Board may require fresh filing of the offer document along with fees."

(II) in clause (e), the words "ten per cent" shall be substituted with the words "twenty per cent";

(III) in clause (f), -

(i) the word "or decrease" shall be omitted;

(ii) the words "ten per cent." shall be substituted with the words "twenty per cent."

(B) in para (2), in clause (a), in sub-clause (iii), the words and symbols "by not more than 10%" shall be substituted with the words and symbols "by more than 10% and not exceeding 20%."

(xxi) in Schedule VIII, in Part A, in para 2, in item (I), in sub-item (A), in clause (2), in sub-clause (i), after the full stop, the following shall be inserted, namely, -

"Where any of the merchant bankers is an associate of the issuer, it shall disclose the same and shall declare itself to be a 'Marketing Lead Manager'."

(xxii) in Schedule XI, in Part A, -

(A) in para 12, -

(I) for clause (i), the following clause shall be

substituted, namely, - "(i) The retail individual investors may either withdraw or revise their bids until finalization of allotment."

(II) for clause (j), the following clause shall be substituted, namely, -

"(j) The qualified institutional buyers and the non-institutional investors shall neither withdraw nor lower the size of their bids at any stage."

(B) in para 15, -

(I) in clause (a), -

(i) the words and symbol "retail individual investors," shall be omitted;

(ii) after the full stop, the following shall be inserted namely, - "The allotment to retail individual investors shall be made as referred to in sub-regulation (1A) of regulation 50 of these regulations."

(II) in clause (b), in the proviso, the symbol and words ", in case the book building process is undertaken for the purpose of compliance of eligibility conditions for public issue" shall be omitted.

(xxiii) for Schedule XIV, the following shall be substituted, namely: -

" Schedule XIV

[See regulation 49 (2)]

ILLUSTRATION EXPLAINING MINIMUM APPLICATION SIZE

For inviting applications in multiples of the minimum value as referred to in sub-regulation (2) of regulation 49, the procedure is clarified by following example:

Assuming an issue is being made at a price of Rs.900 per equity share. In this case, the issuer in consultation with the lead merchant banker can determine the minimum application lot within the range of 12 - 16 equity shares (in value terms between Rs.10,000- Rs.15,000), as explained hereunder:

Options	I	II	III	IV	V
Lot Size @ Rs.900/- per share	12 shares	13 shares	14 shares	15 shares	16 shares
Application / Bid amount for 1 lots	10800	11700	12600	13500	14400
Application / Bid amount for 2 lots	21600	23400	25200	27000	28800
Application / Bid amount for 4 lots	43200	46800	50400	54000	57600
Application / Bid amount for 8 lots	86400	93600	100800	108000	115200
Application / Bid amount for 16 lots	172800	187200	--	--	--
Application / Bid amount for 18 lots	194400	--	--	--	--

The options given above are only illustrative and not exhaustive.

Where the issuer in consultation with the lead merchant banker decides to fix the minimum application / bid size as 14 (Option III), necessary disclosures to the effect that the applicant can make an application for 14 shares and in



multiples thereof shall be made in the offer document. "
(xxiv) for Schedule XV, the following shall be substituted,
namely:-

"Schedule XV

[See regulation 50 (2), 106 and Schedule XI]

ILLUSTRATION EXPLAINING PROCEDURE OF ALLOTMENT

- A.**
- (1) Total no. of specified securities on offer @ Rs. 600 per share: 1 crore specified securities.
 - (2) Specified securities on offer for retail individual investors' category: 35 lakh specified securities.
 - (3) The issue is over-subscribed 2.5 times whereas the retail individual investors' category is oversubscribed 4 times.
 - (4) Issuer decides to fix the minimum application / bid size as 20 specified securities (falling within the range of Rs. 10,000 - 15,000). Application can be made for a minimum of 20 specified securities and in multiples thereof.
 - (5) Assume that a total of one lakh retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1 - 16 bid lots, based on the maximum application size of upto Rs. 2,00,000.
 - (6) Out of the one lakh investors, there are five retail individual investors A, B, C, D and E who have applied as follows: A has applied for 320 specified securities. B has applied for 220 specified securities. C has applied for 120 specified securities. D has applied for 60 specified securities and E has applied for 20 specified securities.
 - (7) As per allotment procedure, the allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares, and the remaining available shares, if any, shall be allotted on a proportionate basis.
- B.**
- (1) Total no. of specified securities on offer @ Rs. 600 per share: 1 crore specified securities.
 - (2) Specified securities on offer for retail individual investors' category: 35 lakh specified securities.
 - (3) The issue is over subscribed 7 times whereas the retail individual investors' category is over subscribed 9.37 times.
 - (4) Issuer decides to fix the minimum application / bid size as 20 specified securities (falling within the range of Rs. 10,000 - 15,000). Application can be made for a minimum of 20 specified securities and in multiples thereof.
 - (5) Assume that a total of two lakh retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1 - 16 bid lots, based on the maximum application size of upto Rs. 2,00,000, as per the table shown below.
 - (6) As per allotment procedure, the allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares.
 - (7) Since the total number of shares on offer to retail individual investors is 35,00,000 and the minimum bid lot is 20 shares, the maximum no. of investors who can be allotted this minimum bid lot will be 1,75,000. In other words, 1,75,000 retail applicants will get the minimum bid lot and the remaining 25,000 retail applicants will not get allotment.

The details of allotment shall be as follows:

No. of Lots	No. of Shares at each lot	No. of retail Investors applying at each lot	Total No. of Shares applied for at each lot	No. of investors who shall receive minimum bid-lot (to be selected on lottery)
A	B	C	D=(B*C)	E
1	20	10,000	2,00,000	8,750=(1,75,000/2,00,000)*10,000
2	40	10,000	4,00,000	8,750
3	60	10,000	6,00,000	8,750
4	80	10,000	8,00,000	8,750
5	100	20,000	20,00,000	17,500
6	120	20,000	24,00,000	17,500
7	140	15,000	21,00,000	13,125
8	160	20,000	32,00,000	17,500
9	180	10,000	18,00,000	8,750
10	200	15,000	30,00,000	13,125
11	220	10,000	22,00,000	8,750
12	240	10,000	24,00,000	8,750
13	260	10,000	26,00,000	8,750
14	280	5,000	14,00,000	4,375
15	300	15,000	45,00,000	13,125
16	320	10,000	32,00,000	8,750
Total		2,00,000	328,00,000	1,75,000

Note: For the purpose of IDR, minimum application size shall be twenty thousand rupees."

U.K. Sinha
Chairman

Sr. No.	Name of Investor	Total Number of specified securities applied for	Total number of specified securities eligible to be allotted
1	A	320	20 specified securities (i.e. the minimum bid lot) + 38 specified securities [(35,00,000 - (1,00,000 * 20)) / {(140,00,000 - (1,00,000 * 20))} * 300 (i.e. 320-20)
2	B	220	20 specified securities (i.e. the minimum bid lot) + 25 specified securities [(35,00,000 - (1,00,000 * 20)) / {(140,00,000 - (1,00,000 * 20))} * 200 (i.e. 220-20)
3	C	120	20 specified securities (i.e. the minimum bid lot) + 13 specified securities [(35,00,000 - (1,00,000 * 20)) / {(140,00,000 - (1,00,000 * 20))} * 100 (i.e. 120-20)
4	D	60	20 specified securities (i.e. the minimum bid lot) + 5 specified securities [(35,00,000 - 1,00,000 * 20)) / {(140,00,000 - (1,00,000 * 20))} * 40 (i.e. 60-20)
5	E	20	20 specified securities (i.e. the minimum bid lot)



18 Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2012.

[Issued by the Securities and Exchange Board of India vide Notification LAD-NRO/GN/2012-13/17/21502 dated 26.09.2012. Published in the Gazette of India (Extraordinary) Part III - Section 4 dated 26.09.2012.]

In exercise of the powers conferred under section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 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 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 distribution expenses incurred 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."
- D. in sub-regulation (7), the words, symbols and number "sub-regulation (6)" shall be substituted with the words, symbols and numbers "subregulations (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 sub-regulation 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

19 Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012

[Issued by the Securities and Exchange Board of India vide Notification LAD-NRO/GN/2012-13/15/20426 dated 11.09.2012. Published in the Gazette of India (Extraordinary) Part III - Section 4 dated 11.09.2012.]

In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with section 25 of the Depositories Act, 1996 (22 of 1996), the Board hereby makes the following Regulations to amend the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, namely:-

1. These Regulations may be called the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996,-
 - (i). In regulation 2,-
 - (a) in sub-regulation (1), for the opening sentence, the following sentence shall be substituted, namely:-
"In these regulations, unless the context otherwise requires, the terms used in these regulations shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly,-"
 - (b) clause "(aa)" shall be renumbered as "(ab)";
 - (c) after clause (a), the following clause shall be inserted, namely:-
"(aa) "associate" shall have the same meaning as assigned to it under clause (b) of sub-regulation (1) of regulation 2 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 or any modification thereof;"
 - (d) after renumbered clause "(ab)" the following clause shall be inserted, namely:-

"(ac) "control" shall have the same meaning as assigned to it under clause (e) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any modification thereof;"

- (e) after clause (d), the following clause shall be inserted, namely:-
"(da) "governing board" means the board of directors of a depository;"
- (f) after clause (e), the following clauses shall be inserted, namely:-
"(ea) "key management personnel" means a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the depository or in any other position as declared so by such depository;
(eb) "persons acting in concert" in the context of acquisition or holding of shares or voting rights or control shall mutatis mutandis have the same meaning as assigned to it in clause (q) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any modification thereof;
(ec) "public interest director" means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Board, is in conflict with his role;
(ed) "regulatory department" means a department of a depository which is entrusted with regulatory powers and duties and includes such department as may be specified by the Board;"
- (g) after clause (f), the following clause shall be inserted, namely:-
"(fa) "shareholder director" means a director who represents the interest of shareholders, and elected or nominated by such shareholders;"
- (h) for sub-regulation (2), the following sub-regulation shall be substituted, namely:-
"(2) Words and expressions used and not defined in these regulations but defined in the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956 or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be."



- (ii). In regulation 6,
 (a) the existing regulation shall be numbered as sub-regulation (1).
 (b) the clause (viii) of so numbered sub-regulation (1), shall be omitted.
 (c) after sub-regulation (1), the following sub-regulation shall be inserted, namely:-
 "(2) The Board shall not consider an application under regulation 3, unless the applicant/sponsor is a fit and proper person."

(iii). For regulation 6A, the following shall be substituted, namely:-

"Requirement of fit and proper.

6A. (1) Every depository, its sponsor, shareholder and participant shall satisfy the fit and proper criteria at all times.

(2) For the purpose of determining whether an applicant, depository, its sponsor, shareholder, director and key management personnel or a participant, is a 'fit and proper person' under these regulations, the Board may take into consideration the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

(3) If any question arises as to whether a person is fit and proper, the Board's decision on such question shall be final."

(iv). After regulation 6A, the following regulation shall be inserted, namely:-

"Eligibility for acquiring or holding shares in a depository.

6B. (1) No person shall, directly or indirectly, acquire or hold equity shares or voting rights of a depository unless he is a fit and proper person.

(2) Any person who, directly or indirectly, either individually or together with persons acting in concert, acquires equity shares such that his shareholding exceeds two percent. of the paid up equity share capital of a depository, shall seek approval of the Board within fifteen days of the acquisition.

(3) Any person holding more than two per cent. of the paid up equity share capital of the depository on the date of commencement of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012, shall seek approval of the Board within a period of ninety days from the date of such commencement.

(4) If approval under sub-regulation (2) or (3) is not granted by the Board to any person, such person shall forthwith divest his excess shareholding.

(5) Any person holding more than two per cent. of the paid up equity share capital in a depository shall file a declaration within fifteen days from the end of every financial year to the depository that he complies with the fit and proper criteria.

(6) Save as otherwise provided in these regulations, the shareholding or voting rights of any person in a depository shall not exceed the limits specified in these regulations at any point of time.

(7) For determining the shareholding of any person in a depository as specified in these regulations, any instrument held, owned or controlled, directly or indirectly, by him that entitles him the voting rights or provides for entitlement to voting rights or equity shares or any other rights over equity shares at any future date, shall also be included."

(v). In regulation 7,

(a) after clause (c), the following clause shall be inserted, namely:-

"(cc) the depository complies with the shareholding and governance structure requirements specified in these regulations;"

(b) in clause (d), for the full stop, a colon shall be substituted.

(c) after clause (d), the following provisos shall be inserted, namely:-

"Provided that a recognised stock exchange that is a sponsor of any depository shall not hold more than twenty four per cent. of the paid up equity share capital of that depository:

Provided further that any such recognised stock exchange holding more than twenty four per cent. of the paid up equity share capital in a depository as on the date of commencement of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012, shall reduce its holding in the depository to twenty four per cent. within a period of three years from the date of such commencement;"

(d) after clause (i), the following clause shall be inserted, namely:-

"(j) any other condition as the Board may deem fit in the interest of securities market."

(vi). After Chapter II, the following Chapter shall be inserted, namely,-

"CHAPTER IIA

GOVERNANCE OF DEPOSITORY

Governing board, disclosures and corporate governance.

9A(1) The governing board of every depository shall include:

- (a) shareholder directors;
- (b) public interest directors; and,
- (c) managing director.

(2) Subject to prior approval of the Board, the chairperson



shall be elected by the governing board from amongst the public interest directors.

(3) The number of public interest directors shall not be less than the number of shareholder directors in a depository.

(4) The managing director shall be an ex-officio director on the governing board and shall not be included in either the category of public interest directors or shareholder directors.

(5) Any employee of a depository may be appointed on the governing board in addition to the managing director, and such director shall be deemed to be a shareholder director.

(6) At least one public interest director shall be present in the meetings of the governing board to constitute the quorum.

(7) The disclosure requirements and corporate governance norms as specified for listed companies shall *mutatis mutandis* apply to a depository.

(8) Every existing depository shall comply with this regulation within a period of three months from the date of commencement of Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2012.

Conditions of appointment of directors.

9B. (1) The appointment and re-appointment of all shareholder directors on the governing board of every depository shall be with the prior approval of the Board.

(2) The public interest directors on the governing board of a depository shall be nominated by the Board.

(3) Public interest directors shall be nominated for a term of three years, or for such extended period, as may be approved by the Board:

Provided that such term shall be subject to retirement and reappointment.

(4) If any issue arises as to whether an assignment or position of a public interest director is in conflict with his role, the Board's decision shall be final.

(5) Upon completion of a term of three years as per sub-regulation (3), a public interest director may be renominated after a cooling-off period of one year or such period as the Board may deem fit in the interest of the securities market.

(6) Public interest directors shall be paid only sitting fees as specified in the Companies Act, 1956.

Appointment of managing director.

9C. (1) The appointment, renewal of appointment and termination of service of the managing director of a depository shall be subject to prior approval of the Board.

(2) Every depository shall, subject to the guidelines issued by the Board from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities relating to the selection/appointment of the managing director.

(3) The appointment of the managing director shall be for a tenure not less than three years and not exceeding five years.

(4) The managing director of a depository shall not-
(a) be a shareholder or an associate of a shareholder

of a depository or shareholder of an associate of a depository;

(b) be a depository participant, or his associate and agent, or shareholder of a depository participant or shareholder of an associate and agent of a depository participant; or

(c) hold any position concurrently in the subsidiary of a depository or in any other entity associated with a depository:

Provided that the managing director of a depository may be appointed on the governing board, but not as managing director, of the subsidiary or associate of a depository.

(5) The managing director shall be liable for removal or termination of services by the governing board of the depository with the prior approval of the Board for failure to give effect to the directions, guidelines and other orders issued by the Board, or the rules, instructions, the articles of association and bye-laws of the depository.

(6) The Board may *suo motu* remove or terminate the appointment of the managing director if deemed fit in the interest of securities market:

Provided that no managing director shall be removed unless he has been given a reasonable opportunity of being heard.

Code of Conduct for directors and key management personnel.

9D. (1) Every director of a depository shall abide by the Code of Conduct specified under Part-A of Fourth Schedule of these regulations.

(2) Every director and key management personnel of a depository shall abide by the Code of Ethics specified under Part-B of Fourth Schedule of these regulations.

(3) Every director and key management personnel of a depository shall satisfy the fit and proper person criteria at all times as per sub-regulation (2) of regulation 6A.

(4) The Board may, for any failure by the directors to abide by these regulations or the Code of Conduct or Code of Ethics or in case of any conflict of interest, either upon a reference from the depository or *suo motu*, take appropriate action including removal or termination of the appointment of any director, after providing him a reasonable opportunity of being heard.

Compensation and tenure of key management personnel.

9E. (1) A depository shall constitute a compensation committee comprising a majority of public interest directors and chaired by a public interest director.

(2) The compensation committee shall determine the compensation of key management personnel in terms of a compensation policy.

(3) The compensation policy shall be in accordance with the norms specified by the Board.

(4) The compensation payable to the managing director shall



be as approved by the Board and the terms and conditions of the compensation of the managing director shall not be changed without prior approval of the Board.

(5) The compensation given to the key management personnel shall be disclosed in the Report of the depository under section 217 of the Companies Act, 1956.

(6) The tenure of a key management personnel, other than a director, in a department, shall be for a fixed period, as may be decided by the compensation committee.

Segregation of regulatory departments.

9F. The depository shall segregate its regulatory departments from other departments in the manner specified in Fifth Schedule of these regulations."

(vii). After regulation 13, the following regulation shall be inserted, namely:

"Networth certificate.

13A. (1) Every depository shall maintain networkth as specified under regulation 13 at all times and submit an audited networkth certificate from the statutory auditor on a yearly basis by the thirtieth day of September of every year for the preceding financial year.

Explanation. - For the purposes of this regulation, 'networkth of a depository' means the aggregate value of paid up equity share capital plus free reserves (excluding statutory funds, benefit funds and reserves created out of revaluation) reduced by the investments in businesses, whether related or unrelated, aggregate value of accumulated losses and deferred expenditure not written off, including miscellaneous expenses not written off.

(2) Every depository shall within one month of the date of the holding of its annual general meeting, furnish to the Board a copy of its audited balance-sheet and profit and loss account for the preceding financial year."

(viii). After regulation 14, the following regulation shall be inserted, namely:

"Depository to abide by the Code of Conduct.

14A. The depository holding a certificate of commencement of business shall, at all times, abide by the Code of Conduct as specified in the Sixth Schedule."

(ix). After regulation 35, the following regulation shall be inserted, namely:

"Business Continuity Plan.

35A. A depository shall have adequate Business Continuity Plan for data and electronic records to prevent, prepare for, and recover from any disaster."

(x). After regulation 53B, the following regulation shall be inserted, namely:-

"Investor Protection Fund.

53C.(1) Every depository shall establish and maintain

an Investor Protection Fund for the protection of interest of beneficial owners:

Provided that this Fund shall not be used by the depository for the purpose of indemnifying the beneficial owner under section 16 of the Depositories Act, 1996.

(2) Every depository shall credit twenty five per cent. of its profits every year to the Investor Protection Fund.

(3) The contribution to and utilization of the Investor Protection Fund shall be in accordance with the norms specified by the Board."

(xi). After regulation 58B, the following regulation shall be inserted, namely:-

"Equal, fair and transparent access.

58C. A depository shall ensure equal, unrestricted, transparent and fair access to all persons without any bias towards its associates and related entities."

(xii). After Chapter V, the following Chapter shall be inserted, namely:-

"CHAPTER VA LISTING OF SECURITIES

Listing.

58D. (1) Subject to the provisions of applicable laws in force, a depository may apply for listing of its securities on a recognised stock exchange if,-

(a) it is compliant with the provisions of these regulations particularly those relating to ownership and governance;

(b) it has completed three years of continuous depository operations immediately preceding the date of application of listing; and

(c) it has obtained approval of the Board.

(2) The Board may specify such conditions as it may deem fit in the interest of the securities market including those in relation to transfer of shares held by any person.

(3) A depository or its associates shall not list its securities on a recognized stock exchange that is a sponsor or associate of the depository."

(xiii). After Chapter VII, the following Chapter shall be inserted, namely:-

"CHAPTER VIIA MISCELLANEOUS

Power to call for information.

70. The Board may from time to time call for any information, documents or records from the depository or its governing board or any shareholder or sponsor thereof and from depository participant.

Directions by the Board.

71. Without prejudice to exercise of its powers under the provisions of the Act, Depositories Act, 1996 and rules and regulations made thereunder, the Board



may, either suo motu or on receipt of any information or during pendency of any inspection, inquiry or investigation or on completion thereof, in the interest of public or trade or investors or the securities market, issue such directions as it deems fit, including but not limited to any or all of the following:-

- (a) directing a person holding equity shares or rights over equity shares in a depository in contravention of these regulations to divest his holding, in such manner as may be specified in the direction;
- (b) directing transfer of any proceeds or securities to the Investor Protection Fund of a depository;
- (c) debarring any depository, any shareholder of such depository, or any associate and agent of such shareholder, or any transferee of shares from such shareholder, or sponsor(s), director(s) and key management personnel(s) of the depository from accessing the securities market and/or dealing in securities for such period as may be determined by the Board.

Power to remove difficulties.

72. In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Board shall have the power to issue directions through guidance notes or circulars.

Power to specify procedures, etc. and issue clarifications.

73. For the purposes of implementation of these regulations and matters incidental thereto, the Board may specify norms, procedures, processes, manners or guidelines as specified in these regulations, by way of circulars."

- (xiv). After Third Schedule, the following schedules shall be inserted, namely:

"FOURTH SCHEDULE

SECURITIES AND EXCHANGE BOARD OF INDIA
(DEPOSITORIES AND PARTICIPANTS) REGULATIONS,
1996

[See regulation 9D]

Part-A

CODE OF CONDUCT FOR DIRECTORS

i. Meetings and minutes.

Every director of the depository shall:

- a) not participate in discussions on any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise, and in such cases the same shall be disclosed and recorded in the minutes of the meeting;
- b) not encourage the circulation of agenda papers during the meeting, unless circumstances so require;
- c) offer their comments on the draft minutes and ensure

that the same are incorporated in the final minutes;

- d) insist on the minutes of the previous meeting being placed for approval in subsequent meeting;
- e) endeavour to have the date of next meeting fixed at each governing board meeting in consultation with other members of the governing board;
- f) endeavour that in case all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within fifteen days for considering the remaining items.

ii. Code of Conduct for the public interest directors.

- a) In addition to the conditions stated in Para (i) above, public interest directors of the depository shall, endeavour to attend all the governing board meetings and they shall be liable to vacate office if they remain absent for three consecutive meetings of the governing board or do not attend seventy five per cent. of the total meetings of the governing board in a calendar year.
- b) Public interest directors shall meet separately, at least once in six months to exchange views on critical issues.

iii. Strategic planning.

Every director of the depository shall:

- a) participate in the formulation and execution of strategies in the best interest of the depository and contribute towards pro-active decision making at the governing board level;
- b) give benefit of their experience and expertise to the depository and provide assistance in strategic planning and execution of decisions.

iv. Regulatory compliances.

Every director of the depository shall:

- a) endeavour to ensure that the depository abides by all the provisions of the Securities and Exchange Board of India Act, 1992, Depositories Act, 1996, rules and regulations framed thereunder and the circulars, directions issued by the Board from time to time;
- b) endeavour compliance at all levels so that the regulatory system does not suffer any breaches;
- c) endeavour to ensure that the depository takes commensurate steps to honour the time limit prescribed by Board for corrective action;
- d) not support any decision in the meeting of the governing board which may adversely affect the interest of investors and shall report forthwith any such decision to the Board.

v. General responsibility.

Every director of the depository shall:

- a) place priority for redressing investor grievances;
- b) endeavour to analyze and administer the depository issues with professional competence, fairness,



From the Government

- impartiality, efficiency and effectiveness;
- c) submit the necessary disclosures/statement of holdings/dealings in securities as required by the depository from time to time as per their bye-laws or Articles of Association;
- d) unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty and no such information shall be used for personal gains;
- e) maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities;
- f) perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties;
- g) perform their duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion;
- h) not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the depository.

Part-B

CODE OF ETHICS FOR DIRECTORS AND KEY MANAGEMENT PERSONNEL

The 'Code of Ethics' for directors and key management personnel of the depository, is aimed at improving the professional and ethical standards in the functioning of depository thereby creating better investor confidence in the integrity of the market.

i. Objectives and underlying principles.

The Code of Ethics for directors and key management personnel of the depository seeks to establish a minimum level of business/ professional ethics to be followed by these directors and key management personnel, towards establishing a fair and transparent marketplace. The Code of Ethics is based on the following fundamental principles:

- Fairness and transparency in dealing with matters relating to the depository and the investors.
- Compliance with all laws/rules/regulations laid down by regulatory agencies/depositories.
- Exercising due diligence in the performance of duties.
- Avoidance of conflict of interest between self interest of directors/ key management personnel and interests of depository and investors.

ii. Ethics committee.

For overseeing implementation of this Code, an ethics committee shall be constituted by every depository under the governing board.

iii. General standards.

- a) Directors and key management personnel shall endeavour to promote greater awareness and understanding of ethical responsibilities.
- b) Directors and key management personnel, in the conduct of their business shall observe high standards of commercial honour and just and equitable principles of trade.
- c) The conduct of directors and key management personnel in business life should be exemplary.
- d) Directors and key management personnel shall not use their position to give/get favours to/from the executive or administrative staff of the depository, suppliers of the depository, or any issuer company admitted to the depository.
- e) Directors and key management personnel shall not commit any act which will put the reputation of the depository, in jeopardy.
- f) Directors, committee members and key management personnel of the depository, should comply with all rules and regulations applicable to the securities market.

iv. Disclosure of dealings in securities by key management personnel of the depository.

- a) Key management personnel of the depository shall disclose on a periodic basis as determined by the depository (which could be monthly), all their dealings in securities, directly or indirectly, to the governing board/ethics committee/ Compliance Officer.
- b) The dealings in securities shall also be subject to trading restrictions for securities about which key management personnel in the depository may have non-public price sensitive information. Requirement laid down under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 may be referred in this regard.
- c) All transactions must be of an investment nature and not speculative in nature. Towards this end, all securities purchased must be held for a minimum period of 60 days before they are sold. However, in specific/exceptional circumstances, sale can be effected anytime by obtaining pre-clearance from the Compliance Officer to waive this condition after recording in writing his satisfaction in this regard.
Explanation. -'securities' for the purpose of this Code shall not include units of mutual fund.

v. Disclosure of dealings in securities by directors of the depository.



- a) All transactions in securities by the directors and their family shall be disclosed to the governing board of the depository.
- b) All directors shall also disclose the trading conducted by firms/corporate entities in which they hold twenty per cent. or more beneficial interest or hold a controlling interest, to the Ethics Committee.
- c) Directors who are Govt. of India nominees or nominees of Govt. of India statutory bodies or financial institutions and are governed by their own codes shall be exempt from this requirement.

vi. Avoidance of conflict of interest.

- a) No director of the governing board or member of any committee of the depository shall participate in any decision making/adjudication in respect of any person /matter in which he is in any way, directly or indirectly, concerned or interested.
- b) Whether there is any conflict of interest or not in a matter, should be decided by the governing board.

vii. Disclosures of beneficial interest.

All directors and key management personnel shall disclose to the governing board, upon assuming office and during their tenure in office, whenever the following arises:-

- a) any fiduciary relationship of self and family members and directorship/partnership of self and family members in any depository participant or registrar and transfer agent;
- b) shareholding, in cases where the shareholding of the director, directly or through his family exceeds five per cent. in any listed company or in other entities related to the securities markets;
- c) any other business interests.

viii. Role of the Chairman and directors in the day to day functioning of the depository.

- a) The Chairman and directors shall not interfere in the day to day functioning of the depository and shall limit their role to decision making on policy issues and to issues as the governing board may decide.
- b) The Chairman and directors shall abstain from influencing the employees of the depository in conducting their day to day activities.
- c) The Chairman and directors shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the governing board.

ix. Access to information.

- a) Directors shall call for information only as part of specific committees or as may be authorised by the

governing board.

- b) There shall be prescribed channels through which information shall move and further there shall be audit

trail of the same. Any retrieval of confidential documents/ information shall be properly recorded.

- c) All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration/ gain.
- d) Any information relating to the business/operations of the depository, which may come to the knowledge of directors/ key management personnel during performance of their duties shall be held in strict confidence, shall not be divulged to any third party and shall not be used in any manner except for the performance of their duties.

x. Misuse of position.

Directors/committee members shall not use their position to obtain business or any pecuniary benefit in the organization for themselves or family members.

xi. Ethics committee to lay down procedures.

- a) The ethics committee shall lay down procedures for the implementation of the Code and prescribe reporting formats for the disclosures required under the Code.

- b) The Compliance Officer shall execute the requirements laid down by the ethics committee.

While the objective of this Code is to enhance the level of market integrity and investor confidence, it is emphasized that a written Code of ethics may not completely guarantee adherence to high ethical standards. This can be accomplished only if directors and key management personnel of the depository commit themselves to the task of enhancing the fairness and integrity of the system in letter and spirit.

FIFTH SCHEDULE

SECURITIES AND EXCHANGE BOARD OF INDIA
(DEPOSITORIES AND PARTICIPANTS) REGULATIONS,
1996 [See regulation 9F]

MEASURES TO ENSURE AUTONOMY OF REGULATORY DEPARTMENTS

In order to ensure the segregation of regulatory departments, every depository shall adopt a "Chinese Wall" policy which separates the regulatory departments of the depository from the other departments. The employees in the regulatory departments shall not communicate any information concerning regulatory activity to any one in other departments. The employees in regulatory areas may be physically segregated from employees in other departments including with respect to access controls. In exceptional circumstances employees from other departments may be given confidential information on "need to know" basis, under intimation to the Compliance Officer.

For the purposes of the above, "regulatory areas" shall mean



those departments of a depository which are mandated by law or those entrusted with regulatory powers and duties, and may include departments performing the following functions:

- (i) risk management;
- (ii) surveillance;
- (iii) participant registration;
- (iv) Issuer/ securities admission;
- (v) compliance;
- (vi) inspection;
- (vii) enforcement;
- (viii) arbitration;
- (ix) investor protection;
- (x) investor services.

SIXTH SCHEDULE

SECURITIES AND EXCHANGE BOARD OF INDIA
(DEPOSITORIES AND PARTICIPANTS) REGULATIONS,
1996 [See regulation 14A]

CODE OF CONDUCT FOR DEPOSITORIES

1. A depository shall always abide by the provisions of the Act, Depositories Act, 1996, Rules, Regulations, circulars, guidelines and any other directions issued by the Board.
2. A depository shall take appropriate measures towards investor protection and education of investors.
3. A depository shall treat all its applicants/participants in a fair and transparent manner.
4. A depository shall promptly inform the Board of violations of the provisions of the Act, Depositories Act, the rules, the regulations, circulars, guidelines or any other directions by any of its participants, issuer or issuer's agent.
5. A depository shall take a proactive and responsible attitude towards safeguarding the interests of investors, integrity of the depository system and the securities market.
6. A depository shall make endeavors for introduction of best business practices amongst itself and its participants.
7. A depository shall act in utmost good faith and shall avoid conflict of interest in the conduct of its functions.
8. A depository shall not indulge in unfair competition, which is likely to harm the interests of any other depository, participants or investors or is likely to place them in a disadvantageous position while competing for or executing any assignment.
9. A depository shall be responsible for the acts or omissions of its employees in respect of the conduct of its business.
10. A depository shall monitor the compliance of the rules and regulations by the participants and shall further ensure that their conduct is in a manner that will safeguard the interest of investors and the securities market."

U.K. Sinha
Chairman

20 Application Supported by Blocked Amount (ASBA)

[Issued by the Securities and Exchange Board of India vide Notification CIR/CFD/DIL/13/2012 dated 25.09.2012.]

1. ASBA facility was introduced by SEBI in July 2008, as an alternative mode of payment in the public/rights issue processes. In its continuing endeavour to make the facility more efficient, SEBI reviewed the facility on a continuous basis and following reforms were introduced:

Sr. No	Circular	Reform
1.	May 16, 2011	Discount at the time of application
2.	April 29, 2011	Defined process for Syndicate ASBA, QIBs & NII mandated to use ASBA facility
3.	October 12, 2010	Syndicate ASBA enabled
4.	July 13, 2010	ASBA forms made available online
5.	April 06, 2010	ASBA facility extended to QIBs

2. The Hon'ble Finance Minister, while presenting Union Budget 2012-13 announced, *inter alia*, his intention of simplifying the process of Initial Public Offers (IPOs), lowering capital raising cost and helping companies reach more retail investors in small towns.
3. Based on the analysis of the current presence of ASBA facility, it is felt that there is substantial scope for increasing the reach of ASBA facility to make the application process more convenient for investors.
4. Towards this end, consultations were held with Reserve Bank of India, Indian Banks' Association and other market participants, to explore the possibility of providing ASBA facility at all branches of Self Certified Syndicate Banks (SCSBs).
5. Based on the feedback received in this regard, it has been decided to increase the number of branches designated for ASBA, in a phased manner as under:
 - a. **First phase**
Fifty percent (50) of the total branches as designated branches for ASBA: Each SCSB is advised to designate 50% of its total branches as 'Designated Branches' for ASBA by October 31, 2012.
 - b. **Second Phase**
All the branches as designated branches for ASBA:

E	a	c	h
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 SCSB is advised to designate all of its branches as 'Designated Branches' for ASBA by December 31, 2012.
6. All SCSBs shall submit a status report for each phase of the circular in the format prescribed at Annexure I, within 15 days from the due date of the phase respectively.
7. This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992.



8. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Issues and Listing".

Harini Balani
Deputy General Manager

Annexure I

Please follow the following format for providing the details of Designated Branch Details for ASBA within 15 days from the due date of Phase I and Phase II respectively.

Designated Branches							
Sl. No	State	City	Branch Address	Contact Person	Contact Number	Fax	Email
1.	xxx	xxx	xxx	xxx	xxx	xxx	xxx

21 Companies (Amendment) Regulations, 2012 - Amendment in Regulation 2

[Issued by the Securities and Exchange Board of India vide Notification No. 763 (E) [F. No. 5/18/2005-CI-V], dated 15.10.2012.]

In exercise of the powers conferred by sub-sections (1), (2), (5) and (8) of section 25 and sub-section (2) of section 609 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following regulations further to amend the Companies Regulations, 1956, namely:-

- (1) These Regulations may be called the Companies (Amendment) Regulations, 2012.
(2) They shall come into force with effect from the 15th October, 2012.
- In the Companies Regulations, 1956, in regulation 2, in clause (d)-
(i) for serial number (v) and the entries relating thereto, the following serial number and entries shall be substituted namely:-

(1)	(2)	(3)
"(v) Regional Director	Eastern Region Directorate Headquarter at Kolkatta	States of West Bengal, Bihar, Jharkhand and Orissa.";

- (ii) after serial number (vi) and the entries relating thereto, the following serial number and entries shall be inserted namely:-

(1)	(2)	(3)
"(vii) Regional Director	North Eastern Region Directorate Headquarter at Guwahati	Meghalaya, Assam, Arunachal Pradesh, Nagaland, Mizoram, Manipur and Tripura.".

Anjali Prasad
Joint Secretary

Economic Laws

22 Setting up of step down (operating) subsidiaries by NBFCs having foreign investment above 75% and below 100% and with a minimum capitalisation of US\$ 50 million - amendment of paragraph 6.2.24.2 (1) (iv) of 'Circular 1 of 2012 Consolidated FDI Policy'

[Issued by the DIPP, Ministry of Commerce & Industry vide Press note No. 9 (2012 Series) dated 03.10.2012.]

1.0 Present Position:

- As per paragraph 6.2.24.2 (1) (iv) of *Circular 1 of 2012- Consolidated FDI Policy*, effective from 10.04.2012, 100% foreign owned NBFCs with a minimum capitalisation of US\$ 50 million can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. **The minimum capitalization condition as mandated by para 3.10.4.1 of the above Circular, therefore, shall not apply to downstream subsidiaries.**

2.0 Revised Position:

- The Government of India has reviewed the policy, as contained in paragraph 6.2.24.2 (1) (iv) of the circular ibid and decided to permit NBFCs (i) having foreign investment above 75% and below 100% and (ii) with a minimum capitalisation of US\$ 50 million, to set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital.

3.0 Amendment to paragraph 6.2.24.2 (1) (iv):

- Accordingly, Paragraph 6.2.24.2 (1) (iv) of *Circular 1 of 2012- Consolidated FDI Policy*, effective from 10.4.2012, is amended to read as below:
NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US\$ 50 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. **The minimum capitalization condition as mandated by para 3.10.4.1 of the above Circular, therefore, shall not apply to downstream subsidiaries.**

- The above decision will take immediate effect.

Anjali Prasad
Joint Secretary



Institute News

MEMBERS ADMITTED

Sl. No.	Name	Membership No.	Region
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FELLOWS*

1	Sh. Niraj Preet Singh Chawla	FCS - 6987	NIRC
2	Ms. Ashita Kaul	FCS - 6988	WIRC
3	Sh Satish Sharma	FCS - 6989	WIRC
4	Sh. Amit Sharma	FCS - 6990	NIRC
5	Sh. Rasesh Jayant Shah	FCS - 6991	WIRC
6	Sh Ashok Kumar Rath	FCS - 6992	SIRC
7	Sh. Kapil Saluja	FCS - 6993	NIRC
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16	Sh. Vineet Kumar Saini	FCS - 7002	WIRC

ASSOCIATES*

1	Mr. Mayur Vasani	ACS - 30910	WIRC
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4	Ms. Neelam Garg	ACS - 30913	NIRC
5	Ms. Tanvi Gupta	ACS - 30914	NIRC
6	Ms. Priyanka Gupta	ACS - 30915	NIRC
7	Ms. Bindhia K	ACS - 30916	NIRC
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9	Mr. Mahesh Kumar Bohra	ACS - 30918	NIRC
10	Ms. Mohita Jindal	ACS - 30919	NIRC
11	Ms. Kanika Vij	ACS - 30920	NIRC
12	Mr. Vivek Vashishth	ACS - 30921	NIRC
13	Mr. Ashok Kumar Mathur	ACS - 30922	NIRC
14	Mr. Sachin Saxena	ACS - 30923	NIRC
15	Mr. Manupreet Singh Batra	ACS - 30924	NIRC
16	Mr. Manjeet Singh	ACS - 30925	NIRC
17	Mr. Ompal	ACS - 30926	NIRC
18	Ms. Neha Bansal	ACS - 30927	NIRC
19	Mr. Archit Agarwal	ACS - 30928	NIRC
20	Ms. Priyanka Singh	ACS - 30929	NIRC



LIVE Phone-in Programme on
DOORDARSHAN National Channel
(DD I) & DD BHARATI



A LIVE Phone-in Programme on "CAREER AS A COMPANY SECRETARY" was telecast on DOORDARSHAN National Network (DD I). CS Nesar Ahmad, President, The ICSI addressed the queries of students in an exclusive interview during the Programme "GOOD EVENING INDIA" on 15th October, 2012 between 5.30 to 6.00 PM on DD I.



Repeat Telecast of the programme was aired on DD-BHARATI on October 16, 2012 from 6.30 to 7.00 PM during "GOOD EVENING INDIA".

21	Ms. Alka Rani	ACS - 30930	NIRC
22	Mr. Prashant Singh	ACS - 30931	NIRC
23	Mr. Mukesh	ACS - 30932	NIRC
24	Ms. Rajani P	ACS - 30933	SIRC
25	Mr. Ajay Anil Thorat	ACS - 30934	WIRC
26	Ms. Ketki Vyankat Kulkarni	ACS - 30935	WIRC
27	Ms. Karishma Ramesh Pandey	ACS - 30936	WIRC
28	Ms. Henisha Nipun Shah	ACS - 30937	WIRC
29	Mr. Soumitra Bhooshan Mujumdar	ACS - 30938	WIRC
30	Mr. Rajesh Deepak Palande	ACS - 30939	WIRC
31	Mr. Anand Prakash Soni	ACS - 30940	NIRC
32	Ms. Kumari Shashi Sinha	ACS - 30941	NIRC
33	Ms. Mansi Jitendra Rajkotia	ACS - 30942	WIRC
34	Ms. Aruna Pandey	ACS - 30943	EIRC
35	Ms. Priti Jain	ACS - 30944	EIRC
36	Ms. Simpy Mahindroo	ACS - 30945	NIRC
37	Ms. Anitha Christina Migael	ACS - 30946	SIRC
38	Mr. Santosh Kumar M S	ACS - 30947	SIRC
39	Mr. Tejas Rohitkumar Shah	ACS - 30948	WIRC
40	Mr. Tushar Damodar Pawar	ACS - 30949	WIRC
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42	Ms. Deepika Chowdhary	ACS - 30951	NIRC
43	Mr. Sourabh Singhal	ACS - 30952	NIRC
44	Ms. Kanika Sharma	ACS - 30953	NIRC
45	Mr. Chandra Bhushan	ACS - 30954	NIRC
46	Ms. Aakanksha Varshney	ACS - 30955	NIRC
47	Ms. Aanchal Vig	ACS - 30956	NIRC
48	Mr. Sandeep Gupta	ACS - 30957	NIRC
49	Mr. Rahul Raman	ACS - 30958	NIRC
50	Ms. Kritika Singh	ACS - 30959	NIRC
51	Ms. Sugandha Trivedi	ACS - 30960	NIRC
52	Ms. Sapna Dua	ACS - 30961	NIRC
53	Ms. Geetanjali	ACS - 30962	NIRC
54	Ms. Jeba Elavarasi S	ACS - 30963	SIRC
55	Ms. Kumud Pahuja	ACS - 30964	NIRC

* Admitted on 20th September, 28th September, 2012 and 10th October, 2012.



56	Ms. Nirmala S	ACS - 30965	SIRC	113	Ms. Nilakshi Chandrakant Sagvekar	ACS - 31022	WIRC
57	Mr. Kundan Chandrakant Tanawade	ACS - 30966	WIRC	RESTORED*			
58	Mr. Henish Shailesh Sutaria	ACS - 30967	WIRC	1.	Sh. Ashish Nandkishor Rathi	ACS - 17647	WIRC
59	Ms. Jyoti Sharma	ACS - 30968	EIRC	2.	Sh. V Madhusudhana Reddy	ACS - 17196	SIRC
60	Mr. Vikash Bansal	ACS - 30969	NIRC	3.	Sh. Hansraj Rathor	FCS - 3591	SIRC
61	Mr. Ranjit Nair	ACS - 30970	SIRC	4.	Sh. C R Lakshman	ACS - 13460	WIRC
62	Mrs. Ila Gosain	ACS - 30971	NIRC	5.	Sh. A Selvarajan	ACS - 5180	SIRC
63	Ms. Kamalpreet Kaur Chhabra	ACS - 30972	NIRC	6.	Sh. Surrinder Kumar Sharma	ACS - 1783	WIRC
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66	Mr. Tanush Joshi	ACS - 30975	NIRC	9.	Sh. Pankaj Kumar Jha	ACS - 27214	NIRC
67	Ms. Anagha Milind Joshi	ACS - 30976	WIRC	10.	Mrs. Supriya Arora	ACS - 28892	WIRC
68	Mr. Nakul Kohli	ACS - 30977	EIRC	11.	Sh. Piyush Kumar Pandey	ACS - 18581	NIRC
69	Mr. Tarkeshwar Singh	ACS - 30978	EIRC	12.	Sh. Hukamraj Sajjanraj Kumbhat	FCS - 230	EIRC
70	Mr. Gaurav Jeswani	ACS - 30979	WIRC	13.	Sh. Dinesh Kumar Gandhi	ACS - 8328	WIRC
71	Ms. Aditi Kapur	ACS - 30980	NIRC	14.	Sh. Kuntal Roy Chowdhury	ACS - 13201	EIRC
72	Ms. Nitya Surendra Babu	ACS - 30981	WIRC	15.	Sh. Jitendra Jayantilal Shah	ACS - 4295	WIRC
73	Mr. Uday Mahesh Ranalkar	ACS - 30982	WIRC	16.	Sh. Anand M Fatehpuria	FCS - 1763	WIRC
74	Ms. Nikita Nishikant Navindgikar	ACS - 30983	WIRC	17.	Ms. Rajashree Nagesh Daftardar	ACS - 11312	WIRC
75	Mr. Ravindra Sunil Chavan	ACS - 30984	WIRC	18.	Sh. Arun M Mehta	FCS - 677	WIRC
76	Ms. Madhu Verma	ACS - 30985	NIRC	19.	Sh. Surendera Shriram Gupta	ACS - 3887	WIRC
77	Ms. Archana Soni	ACS - 30986	NIRC	20.	Sh. Kalyan Ghosh	ACS - 10790	NIRC
78	Ms. Shweta Bhatia	ACS - 30987	NIRC	21.	Mrs. Neha Mundra	ACS - 22385	EIRC
79	Mr. Minas Kumar	ACS - 30988	NIRC	22.	Sh. Abhishek Thareja	ACS - 18766	WIRC
80	Mr. Vikas Aggarwal	ACS - 30989	NIRC	23.	Sh. B.P.Thyagaraja	ACS - 13872	SIRC
81	Ms. Urvashi	ACS - 30990	NIRC	24.	Sh. P Kagrwal	FCS - 3491	WIRC
82	Mr. Jaspinder Singh	ACS - 30991	NIRC	25.	Sh. Darshanmajmudar	FCS - 2900	WIRC
83	Ms. Anu Kumari	ACS - 30992	NIRC	26.	Sh. Arunava A Choudhury	ACS - 7190	NIRC
84	Ms. Sonia Grover	ACS - 30993	NIRC	27.	Sh. Nerottam B Vyas	ACS - 3367	WIRC
85	Mr. Himanshu Panchal	ACS - 30994	NIRC	28.	Sh. Ram Karan Gupta	ACS - 3141	EIRC
86	Ms. Khushboo Gupta	ACS - 30995	NIRC	29.	Ms. Daljeet Kaurbhatia	ACS - 10018	NIRC
87	Mr. Deepak Malik	ACS - 30996	NIRC	30.	Sh. Abhishek Nagori	ACS - 14124	WIRC
88	Mr. Samir Bhatnagar	ACS - 30997	NIRC	31.	Sh. Sunil Kumar Yadav	ACS - 26282	NIRC
89	Ms. Rajni Kalra	ACS - 30998	NIRC	32.	Sh. Amit Anand	ACS - 26111	SIRC
90	Ms. Padmaja Vummenthala	ACS - 30999	SIRC	33.	Sh. Anil Kumar Kataria	ACS - 6143	NIRC
91	Ms. Deepika Karnani	ACS - 31000	NIRC	34.	Sh. Devkant Sangwan	ACS - 23701	NIRC
92	Ms. Bhawna Agarwal	ACS - 31001	NIRC	35.	Ms. Jyotmala Thakar	ACS - 29711	WIRC
93	Ms. Bharti Lalwani	ACS - 31002	NIRC	36.	Sh. Sanjeev Kumar	ACS - 7117	NIRC
94	Ms. Nishi Sawhney	ACS - 31003	NIRC	37.	Sh. S S Agarwal	ACS - 6177	EIRC
95	Ms. Preeti Garg	ACS - 31004	NIRC	38.	Sh. Rajagopal Ganesh	ACS - 9040	NIRC
96	Ms. Yashika	ACS - 31005	NIRC	39.	Sh. Bimal Kumar Jain	ACS - 23663	NIRC
97	Mr. Kanishk Arora	ACS - 31006	NIRC	40.	Sh. Pradip Agarwal	ACS - 12926	EIRC
98	Mr. Aejaz Ahmed	ACS - 31007	SIRC	41.	Sh. Harish Kumar Kandoi	ACS - 11714	EIRC
99	Ms. Radhika Parashar Dhebar	ACS - 31008	WIRC	42.	Ms. Manisha Arora	ACS - 13687	NIRC
100	Ms. Rima Prakash Khorani	ACS - 31009	WIRC	43.	Sh. Sanjay Agarwal	ACS - 9839	NIRC
101	Ms. Kashmaira Mahendra Vaidya	ACS - 31010	WIRC	44.	Sh. Manish Sansi	ACS - 10985	NIRC
102	Ms. Rajshree Vasudeo Shirgudi	ACS - 31011	WIRC	45.	Sh. V Subrahmanyam	ACS - 7928	SIRC
103	Ms. Esha Manohar Taishete	ACS - 31012	WIRC	46.	Ms. Richa Shukla	ACS - 16780	WIRC
104	Ms. Nivedita Ravindra Ketkar	ACS - 31013	WIRC	47.	Sh. Girish Kamalakar Sathe	ACS - 12499	WIRC
105	Ms. Aparna Agrawal	ACS - 31014	WIRC	48.	Sh. Deepak Agarwal	ACS - 13124	WIRC
106	Ms. Savita Liladhar Vaswani	ACS - 31015	WIRC	49.	Sh. Mohd Shakeel Kayamkhani	ACS - 24795	WIRC
107	Ms. Sameeksha Dwivedi	ACS - 31016	NIRC	50.	Sh. S Nagarajan	ACS - 5442	SIRC
108	Mrs. Ankita Varchas Amin	ACS - 31017	WIRC	51.	Sh. V C Moulieswaran	ACS - 13255	SIRC
109	Ms. S Masilamani	ACS - 31018	SIRC	52.	Ms. Rakhi Bahety	ACS - 16879	NIRC
110	Mr. Rupak Kumar Kedia	ACS - 31019	EIRC				
111	Ms. Priyanka Chaubey	ACS - 31020	NIRC				
112	Mr. Vishal Jain	ACS - 31021	WIRC				

* Restored from 21st September 2012 to 19th October, 2012.



News from the Institute

53.	Mrs. Hina Setia	ACS - 26811	NIRC
54.	Sh. Virender Kumar arora	ACS - 19609	NIRC
55.	Sh. Kumar hari	FCS - 1529	SIRC
56.	Sh. Amit kohli	FCS - 5054	NIRC
57.	Ms. Vidya Chandrashekar Yalavatti	ACS - 15890	WIRC
58.	Sh. Samir Bhatla	ACS - 16094	NIRC
59.	Sh. Anil Kumar Singh	FCS - 5665	NIRC
60.	Ms. Rachana Issar	FCS - 5306	NIRC
61.	Sh. Chandra Parkash Saigal	ACS - 2995	NIRC
62.	Sh. Pankaj Kalani	ACS - 10146	WIRC
63.	Ms. Mary Misham	ACS - 29771	SIRC
64.	Sh. Jagdish Patra	FCS - 5320	NIRC
65.	Sh. V Viswanath	ACS - 17610	SIRC
66.	Sh. Alok Kumar Sanghai	ACS - 16010	NIRC
67.	Sh. Rekapalli Srinivas Kalyan Bhaskar	ACS - 15794	SIRC
68.	Ms. Vimmi Singh	ACS - 11697	SIRC
69.	Sh. J P Bajpai	ACS - 208	NIRC
70.	Sh. Gopal K Ganatra	ACS - 21415	NIRC
71.	Sh. Brijeshwar Singh	FCS - 389	NIRC
72.	Sh. Ravi Khera	ACS - 16080	NIRC
73.	Ms. Richa M Anuja	ACS - 26415	NIRC
74.	Ms. Nyasha Kishore	ACS - 26409	NIRC

16	Sh. Praful Kumar Sharma	ACS - 25015	11291	NIRC
17	Sh. Radhakrishna Battineni	ACS - 11471	11292	SIRC
18	Ms. Archana Khemka	ACS - 9660	11293	WIRC
19	Sh. Jagat Singh	ACS - 24557	11294	NIRC
20	Sh. Anil Anand	ACS - 10328	11295	NIRC
21	Sh. V R Thakkar	ACS - 3695	11296	WIRC
22	Ms. Poonam Tomar Yadav	ACS - 28278	11297	NIRC
23	Mr. Ravindra Ashok Mishra	ACS - 29159	11298	WIRC
24	Mr. Aadarsh B Chandak	ACS - 29065	11299	NIRC
25	Mr. Dhirav Ramesh Shah	ACS - 29976	11300	SIRC
26	Ms. Charul Chowdhary	ACS - 24210	11301	WIRC
27	Mr. P Nallasenapathi	ACS - 30805	11302	SIRC
28	Sh. Niranjana Kumar Agarwal	ACS - 25531	11303	EIRC
29	Ms. Margi Hindia	ACS - 30431	11304	WIRC
30	Ms. Snehal Ramesh Kulkarni	ACS - 28763	11305	WIRC
31	Sh. Chetan Chandulal Rajdev	ACS - 26009	11306	WIRC
32	Ms. Nidhi Ajaykumar Bhimpuria	ACS - 29073	11307	WIRC
33	Sh. Sanjay Dayalji Kukadia	ACS - 20674	11308	WIRC
34	Ms. Jyoti Parihar	FCS - 5102	11309	NIRC
35	Mr. Binod Kumar More	ACS - 30778	11310	EIRC
36	Sh. M Ramakrishna	ACS - 4296	11311	SIRC
37	Mrs. Komal Yogesh Bafna	ACS - 29152	11312	WIRC
38	Sh. Sunil Mishra	ACS - 18396	11313	SIRC
39	Mr. Yogesh Jayram Kohinkar	ACS - 30891	11314	WIRC
40	Ms. Varsha Verma	ACS - 30162	11315	NIRC
41	Mrs. Swapna Samadhan Doifode	ACS - 22600	11316	WIRC
42	Preeti Shetty	ACS - 23356	11317	WIRC
43	Mr. Akash Gupta	ACS - 23248	11318	NIRC
44	Mr. Ishan Anand	ACS - 30882	11319	NIRC
45	Ms. Sangita Agarwal	ACS - 29467	11320	EIRC
46	Mr. Atluri Ramesh	ACS - 30844	11321	SIRC
47	Mr. Ankit Bansal	ACS - 30702	11322	NIRC
48	Sh. Rajesh Kumar Agrawal	FCS - 5158	11323	SIRC
49	Mrs. Madhuvanti Patwardhan	ACS - 20124	11324	WIRC
50	Sh. V Ramasubramanian	ACS - 5890	11325	SIRC
51	Ms. Anagha Paranjape	ACS - 29684	11326	SIRC
52	Mr. Kaushal Saxena	ACS - 28059	11327	NIRC
53	Ms Megha Brijratan Bhaiya	ACS - 20134	11328	WIRC
54	Ms. Shweta Shah	ACS - 30088	11329	EIRC
55	Mrs. Swati Saffar	ACS - 30875	11330	EIRC

CERTIFICATE OF PRACTICE

Sl. No.	Name	ACS/FCS No.	C P No.	Region
---------	------	-------------	---------	--------

ISSUED*

1	Dr. Anand Rao Korada	ACS - 5574	11276	EIRC
2	Ms. Anusha Soni	ACS - 29227	11277	EIRC
3	Ms. Preeti Jain	ACS - 29541	11278	NIRC
4	Ms. Pritika Nagi	ACS - 29544	11279	NIRC
5	Mr. Amit Kumar	ACS - 29973	11280	NIRC
6	Ms. Tannu Sharma	ACS - 29676	11281	NIRC
7	Mr. Anshuman Baruah	ACS - 30632	11282	EIRC
8	Ms. Richa Gulati	ACS - 30727	11283	NIRC
9	Ms. Ruchika Parash Agarwal	ACS - 30792	11284	SIRC
10	Mr. Vishnu Karbharee Salunke	ACS - 30831	11285	WIRC
11	Ms. Rupali Dhananjay Patwardhan	ACS - 30837	11286	WIRC
12	Sh. Ajay Kumar	ACS - 30196	11287	NIRC
13	Sh. Rishi Kumar Sharma	ACS - 23225	11288	NIRC
14	Ms. Jyothi Savithri	ACS - 26384	11289	SIRC
15	Ms. Sapna Jain	ACS - 27638	11290	NIRC

* During the month of September, 2012.

November
2012



CHARTERED SECRETARY

1452



56	Sh. Sv Subramanya Sastry Karra	ACS - 18995	11331	SIRC
57	Ms. M Geethanjali	ACS - 26034	11332	SIRC
58	Ms Rekha Jain	ACS - 20442	11333	WIRC
59	Ms. Swarnali Das	ACS - 30518	11334	EIRC
60	Ms. Avani Ramesh Pipalia	ACS - 26508	11335	WIRC
61	Mrs. Shilpa Sethi	ACS - 30428	11336	WIRC
62	Ms. Kanika Vij	ACS - 30920	11337	NIRC
63	Ms. Tannu Sharma	ACS - 30622	11338	NIRC
64	Mr. Sumit Dhawan	ACS - 30852	11339	NIRC
65	Ms. Neetu Agarwal	ACS - 30585	11340	NIRC
66	Ms. Kavita Goel	ACS - 22335	11341	NIRC
67	Mrs. Jill Mehul Sangoi	ACS - 30335	11342	WIRC
68	Ms. Minakshi Bothra	ACS - 30878	11343	WIRC
69	Mrs. Dipali Praful Bhanushali	ACS - 29277	11344	WIRC
70	Sh. Chirag Ashok Kumar Vajani	ACS - 25683	11345	WIRC
71	Sh. Chandrakanth Gorak	ACS - 26783	11346	SIRC
72	Ms. Megha Pradeep Mahajan	ACS - 16508	11347	WIRC
73	Mr. Hitesh Rameshbhai Pardeshi	ACS - 27821	11348	WIRC
74	Ms. Rashmi Khandelwal	ACS - 28839	11349	NIRC

CANCELLED*

1.	Sh. Arun Gupta	FCS - 5249	10236	NIRC
2.	Ms. Isha Shankar	ACS-29051	10791	NIRC
3.	Mrs. Soumya Gupta	ACS-29052	10792	NIRC
4.	Ms. Yachika Bhatia	ACS-30448	11154	NIRC
5.	Sh. Sudhir Laxman Manjrekar	ACS-6359	8275	WIRC
6.	Sh. Ajay Kumar Jain	FCS-5826	11088	NIRC
7.	Mr. Vinay Dhanaka	ACS-26575	9992	NIRC
8.	Mr. Pradeep Kumar	ACS-30264	11258	NIRC
9.	Sh. Jay Prakash Lodha	FCS-4714	9500	NIRC
10.	Ms. Khyati Sharad Bhai Mehta	ACS-30529	11077	WIRC
11.	Sh. M L Narang	FCS-1564	3616	NIRC
12.	Ms. Shipra Devi	ACS-28057	10199	NIRC
13.	Sh. Akshit Gupta	ACS-22963	10871	NIRC
14.	Sh. Manish Kumar Dixit	ACS-26137	9414	NIRC
15.	Sh. A Chand Basha	FCS-4176	10660	SIRC
16.	Sh. Anand Kumar Bhardwaj	FCS-4578	3003	NIRC
17.	Ms. Ruchika Agarwal	ACS-26595	11170	NIRC
18.	Mr. Gopal Singh	ACS-30530	11178	NIRC
19.	Ms. Dipti Gupta	ACS-13269	8284	NIRC
20.	Sh. Padmakar Manjunath Rao	FCS-2677	10983	WIRC
21.	Mr. Jeevan Varghese	ACS-23655	8460	SIRC
22.	Ms. Silky Kapoor	FCS-6668	7332	NIRC
23.	Ms. Garima Grover	ACS-27100	10805	NIRC

* During the month of September, 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) alongwith restoration fee of Rs. 250/- . Form-BB is available on the web-site 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 web-site of the Institute and also published *else where 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.**

MODE OF REMITTANCE OF FEE

The fee can be remitted by way of :

- On-Line (through payment Gateway of the Institute's web-site (www.icsi.in)).
- Credit card at the Institute's Headquarter at Lodi Road, New Delhi or Regional Offices located at Kolkata, New Delhi, Chennai and Mumbai.
- 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 .
- 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



News from the Institute



List of Companies Registered for Imparting Training During the Month of September 2012

Region	Training Period	Stipend (Rs.)
Eastern		
Minolta Finance Ltd. 37 A & b, Stephen House 4, B B D Bag (East) Kolkatta - 700001 <i>minoltafinance@gmail.com</i>	15 Months Training	3500/-
Bhagwanshree Enterprises Ltd. 405, Shreelok Complex 4, H.B. Road, Ranchi - 834001 (Jharkhand) <i>cssservices26@gmail.com</i>	15 Months Training	2500/-
Sarvesh Refractories Ltd. AA - 15, Civil Township, Rourkela, Dist. Sundergarh Orissa (India) - 769004 <i>marketing@sarvesh.com</i>	15 Months Training	3500/-
Deo Ispat Alloys Ltd. 6, Church Lane, 1st Floor, Kolkata - 700001	15 Months Training	3500/-
Keonjhar Infrastructure Development Co. Ltd. Osil Guest House, Osil Township, Palaspanga, Cuttack - 753003 <i>Kidco.spv@gmail.com</i>	15 Months Training	3500/-
Medirad Tech India Ltd. Hemalata Hospitals & Research Centre Nalco Square, Bhubaneswar - 751023 <i>helpdesk@hemalatahospitals.com</i>	15 Months Training	3500/-
Northern		
Riviera Home Furnishings Pvt .Ltd. 501 (Fifth Floor) Aggarwal Corporate Heights Netaji Subhash Place District Center Wazirpur Delhi 110034 <i>riviera@rivieratex.com</i>	15 Months Training	5000/-

BCL Industries & Infrastructures Ltd. Hazi Rattan Link Road, Bathinda 151005 <i>bcl@mitalgroup.co.in</i>	15 Months & 3 Months Practical Training	3500/-
Great Indian Nautanki Co. Pvt Ltd. K 804/2, mahipalpur, Vasant Kunj Road, New Delhi- 110037	15 Months & 3 Months Practical Training	5000/-
JKM Infra Projects Ltd. A - 14, First Floor, Sector-7 Noida (U.P.) - 201301 <i>del@jkminfra.com</i>	15 Months Training	3500/-
Filatex India Ltd. 43, Community Centre, New Friends Colony, New Delhi - 110025 <i>secretarial@filatex.com</i>	15 Months Training	3500/-
Sigma Minerals Ltd. 4, Heavy Industrial Area, Jodhpur - 342003 <i>info@sigmaminerals.com</i>	3 Months Practical Training	3500/-
ITW India Ltd. Level 1, Lotus Plaza 732/1 Mehrauli Gurgaon Road Sector 14, Gurgaon 122001,	3 Months Practical Training	3500/-
Magpie International Ltd. PD - 4A, Pitampura Delhi - 110088	15 Months & 3 Months Practical Training	3500/-
Delhi Select Services Hospitality Pvt. Ltd. F - 2/7, Okhla Industrial Phase-1 New Delhi - 110020	15 Months Training	4000/-
Fedders Lloyd Corporation Ltd. C-4 Phase-II Noida - 201301 <i>Rajesh.aggarwal@lloydmail.com</i>	3 Months Practical Training	3000/-
Schenck Rotec India Ltd. Plot No. A 5 Sector 81 Phase II Noida (U.P.) - 201305 <i>sril@schenck-ind.com</i>	15 Months Training	3500/-
Sovereign Business Pvt. Ltd. F-6 Thirthraj Apartment Jacob Road, Civil Lines, Jaipur, Rajasthan <i>info@pachargroup.com</i>	15 Months Training	3500/-
Indian Traditional Hotels Pvt. Ltd. F-6 Thirthraj Apartment Jacob Road, Civil Lines, Jaipur, Rajasthan	15 Months Training	3500/-



Shri Krishna Abodes Pvt. Ltd. F-6 Tirthraj Apartment Jacob Road, Civil Lines Jaipur, Rajasthan	15 Months Training	3500/-	DBR'S Infra Project Pvt. Ltd. No.2981,4th Floor, HAL. 2nd Stage, Indiranagar Bangalore - 560008 <i>dbrsreality@gmail.com</i>	3 Months Practical Training	3500/-
Sarv Tech Pvt. Ltd. 435 First Floor Jagutri Enclave Karkardoma Delhi - 110092 <i>ashatiwari08@gmail.com</i>	15 Months Training	3500/-	Gokak Textiles Ltd. No.24, 29th Main BTM Layout 2nd Stage Bangalore - 560076	15 Months & 3 Months Practical Training	3500/-
Sobhagya Capital Options Ltd. B-206, Okhla Industrial Area Phase-I New Delhi - 110020 <i>office@sobhagyacapital.com</i>	15 Months Training	3500/-	Shalivahana Green Energy Ltd. Post Box No.1582,7th Floor Minerva Complex, S.D. Road Secunderabad - 500003 <i>shalivahanacs@gmail.com</i>	15 Months Training	4000/-
Shricon Industries Ltd. 112b,Shakti Nagar Kota, Rajasthan - 324009 <i>investor.shricon@gmail.com</i>	15 Months Training	3500/-	Sterlite Industries (India) Ltd. Sipcot Industrial Comple Madurai Bypass Road T.V.Puram P.O. Thootukudi - 628002	3 Months Practical Training	3500/-
Rajvanshi & Associates Enforcement Consultants Pvt Ltd. H -15 , Chiotranjan Marg, C- Scheme Jaipur - 302001 <i>rajvanshiassociates@gmail.com</i>	15 Months & 3 Months Practical Training	3500/-	Synova Innovative Technologies Pvt. # 7 P & 93 P Electronic City West Bangalore - 560100 <i>chakrih@synovaindia.com</i>	15 Months	3500/-
Vyas Lefin Pvt. Ltd. S- 69, Raisar Plaza, IInd Floor, Jaipur	15 Months Training	3500/-	Suguna Holdings Pvt. Ltd. 49/27, Krishnasamy Nagar, Ramanathapuram, Coimbatore - 641045	15 Months Training	3500/-
MB Power (Madhya Pradesh) Ltd. 235 , Okhla Industrial Estate Phase-III New Delhi - 110020 <i>shares@moserbaer.in</i>	15 Months Training	3500/-	Infrastructure Development Corporation (Karnataka) Ltd. No.9/7, 2nd Floor, K.C.N. Bhavan, Yamunabai Road, Madhav Nagar Extension, Off Race Course Road, Bangalore - 560001	15 Months Training	3500/-
Fis Global Business Solution India Pvt. Ltd. S 405 (LGF) Greater Kailash Part II New Delhi - 110048 <i>India_compliance@fisglobal.com</i>	15 Months Training	3500/-	Western Universal Starch-Chem Allied Ltd. Mhatra Pen Building, B Wing, 2nd Floor,Senapati Bapat Marg, Dadar (West) Mumbai 400028 <i>Mumbai@universalstarch.com</i>	15 Months Training	3500/-
Southern Kutty Flush Doors & Furniture Co. Pvt. Ltd. 1167,Poonamallee High Road, Koyambedu, Chennai- 600107	15 Months & 3 Months Practical Training	3500/-	JSW Severfield Structures Ltd. 302 Naman Centre Plot No.C 31, G Block Bandra Kurla Complex Bharat Nagar, Bandra (East) Mumbai 4000515	15 Months & 3 Months Practical Training	10000/-
Sagun Copper Conductors Pvt. Ltd. N - 5A,Industrial Estate, Gokul Road, Hubli - 580030 <i>sagun@saguncopper.in</i>	15 Months Training	3500/-	Tunip Agro Ltd. 107/108,Commerce House 140,Nagindas Master Road Fort, Mumbai - 400023 <i>onjus@tunip.com</i>	15 Months Training	3500/-
Shalivahana Green Energy Ltd. Post Box No:1582, 7th Floor Minerva Complex, S.D. Road, Secunderabad - 500003	15 Months Training	4000/-			



News from the Institute

Matalia Stock Broking Pvt. Ltd. "Matalia House", 21-New Jagnath, Near Jain Bhuvan, Rajkot - 360001 <i>mataliabroker@yahoo.co</i>	15 Months Training	3500/-	Advanced Enzymes Technologies Ltd. Sun Magnetica 'A' Wing, 5th Floor LIC Service Road, Louiswadi, Thane(W) - 400604 <i>info@enzymeindia.com</i>	15 Months Training	3500/-
Shiva Global Agro Industries Ltd. "Shiva House" New Mandha, Nanded - 431602 <i>shivaagro1@gmail.com</i>	15 Months Training	3500/-	Indo City Infotech Ltd. A6 Mittal Estate, Bldg No.2, Andheri Kurla Road, Andheri (E) Mumbai - 400059 <i>contact@indo_city.com</i>	3 Months Practical Training	3500/-
Talwalkars Better Value Fitness Ltd. 801,Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai- 400026 <i>avantis@talwalkars.net</i>	15 Months & 3 Months Practical Training	3500/-	Kopran Ltd. Parijat House 1076 Dr. E. Moses Road Worli, Mumbai - 400018	15 Months & 3 Months Practical Training	3500/-
Betul Oil Limited 117,Mittal Chambers, 11th Floor,Nariman Point Mumbai - 400021 <i>shares@moserbaer.in</i>	15 Months Training	5000/-	Trans Tech Turnkey Pvt. Ltd. 101 Mayfir Towers II, Wakdewadi, Shivajinagar, Pune - 411005	15 Months & 3 Months Practical Training	3500/-
Tribhovandas Bhimji Zaveri Ltd. 228,Mittal Chambers, Ground Floor, Nariman Point Mumbai - 400002 <i>niraj.oza@tbzoriginal.com</i>	15 Months Training	5000/-	Transpek Silox Industry Ltd. Kalali Road, Atladra, Vadodra - 390012 <i>info@transpek-silox.com</i>	15 Months Training	3500/-
Housing and Urban Development Corp.Ltd. Shreyas Chambers, 2nd Floor 175,Dr. D.N. Road, Fort Mumbai - 400001 <i>hudcomro@gmail.com</i>	15 Months Training	3500/-	A.T.E. Enterprises Private Ltd. 43, Dr. V.B.Gandhi Marg, Fort, Mumbai - 400023 <i>Mumbai@ateindia.com</i>	15 Months Training	10000/-
Lokesh Industrial Services Pvt. Ltd. Golchha Marg , Sadar, Nagpur - 440001 <i>lokesh_fl@yahoo.com</i>	15 Months Training	3500/-	Aegis Limited Essar House, 11 K.K. Marg, Mahalaxmi Mumbai, Maharashtra Mumbai - 400034	15 Months & 3 Months Practical Training	3500/-
Texport Syndicate (India) Ltd. Plot No.6, F -11/12 Western Ind. Co-Op. Estate, Opp.Seepz M.I.D.C.,Andheri(E) Mumbai - 400093 <i>ts@texportsyndicate.com</i>	15 Months & 3 Months Practical Training	3500/-	Renew Power Ventures Pvt. Ltd. Ab01a ,Neelam Centre, Hind Cycle Road, Worli, Mumbai - 400030	15 Months Training	3500/-
JSW Bengal Steel Ltd. Jindal Mansion 5A Dr. G Deshmukh Marg Mumbai - 400026	15 Months & 3 Months Practical Training	3500/-	Reliance Capital Ltd. 570, Rectifier House, Naigaum Cross Road, Next To Ro Industrial Estate, Wadala, Mumbai - 400031	15 Months & 3 Months Practical Training	3500/-
PG Foils Ltd. 6, Neptune Tower, Ashram Road, Ahmedabad	3 Months Practical Training	3500/-	Siemens Financial Services Pvt. Ltd. 4th Floor ,130, Pandurang Budhkar Marg, Worli , Mumbai - 400018 <i>shilpi.saxena@siemens.com</i>	15 Months Training	3500/-



List of Practising Members Registered for the Purpose of Imparting Training During the Month of September, 2012



CS SHABNAM Company Secretary in Practice V-392, St. No.-16a Vijay Park Moujpur, Delhi - 110 053	PCSA -3100	CS S. RAVI SHANKAR Company Secretary in Practice #25, First Floor Miller Tank Bund Road Kaveriappa Layout Bangalore -560 052	PCSA -3108
CS GAURAB SINHA Company Secretary in Practice 3003, 3rd Floor, WA-121 Rohini Complex, Shakarpur Delhi-110 092	PCSA -3101	CS RAM PARVESH YADAV Company Secretary in Practice G-100, Preet Vihar New Delhi -110 092	PCSA -3109
CS ASHWANI KUMAR Company Secretary in Practice C-12/387 Yamuna Vihar Delhi -110 053	PCSA -3102	CS ROOPRAM S. SHARMA Company Secretary in Practice #25, First Floor Miller Tank Bund Road Kaveriappa Layout Bangalore -560 052	PCSA -3110
CS RAMAKRISHNA KURRA Company Secretary in Practice D.No. 6-12-51, 12/1 Sri Raghavendra Nilayam 12/1, Arundelpet Guntur -522 002	PCSA -3103	CS ANSHI SRIVASTAVA Company Secretary in Practice A-380, Defence Colony New Delhi -110 024	PCSA -3111
CS NEHA RAJAT LAHOTY Company Secretary in Practice A-303, Prathmesh Raghuvanshi Mill Compound, Lower Parel Mumbai -400 013	PCSA -3104	CS JAGANNATH KAR Company Secretary in Practice 7a, Bentick Street 3rd Floor, Room No. 304 Kolkata -700 001	PCSA -3112
CS SHASHI SHARMA Company Secretary in Practice Rajasthan State Guest House 13 -Bir Tikendrajeet Marg Chanakyapuri, Delhi -110 021	PCSA -3105	CS SURESH CHAND KUMAWAT Company Secretary in Practice LI-56, 1st Floor, S C Road Amber Tower, Jaipur -302 001	PCSA -3113
CS PRADEEP KUMAR SAHOO Company Secretary in Practice G-1/318, 2nd Floor, Dall Mill Road Uttam Nagar, New Delhi -110 059	PCSA -3106	CS AMIT BHATIA Company Secretary in Practice B-73, Skylark Apts., B/H Sidhi Vinayak Complex Shivranjani, Satellite Ahmedabad -380 015	PCSA -3114
CS ABHA NANDA Company Secretary in Practice B-149, 1st Floor, Greater Kailash -1 New Delhi -110 048	PCSA -3107	CS URVASHI GUPTA Company Secretary in Practice 388, Dakshindhari Road, Dinnante Apartment 3rd Floor, Flat No-6 Kolkata -700 048	PCSA -3115
		CS PAYAL AGARWAL Company Secretary in Practice 8, Camac Street 412, Shantinikeian Building 4th Floor Kolkata -700 017	PCSA -3116
		CS SWEETY AGGARWAL Company Secretary in Practice 8, Camac Street 412, Shantinikeian Building 4th Floor, Kolkata -700 017	PCSA -3117



News from the Institute

CS RAKHESH R

Company Secretary in Practice
"Vrindavan", 1st Floor
T.C. 42/901 (3)
Cheppil Road, Sree Nagar -105
Sreevaraham, Vallakadavu P.O.,
Kerala- 695 00

PCSA -3118

CS RAMAKRISHNAN V

Company Secretary in Practice
"Vrindavan", 1st Floor
T.C. 42/901 (3)
Cheppil Road, Sree Nagar -105
Sreevaraham, Vallakadavu P.O.,
Kerala- 695 008

PCSA -3119

CS ANIL ANAND

Company Secretary in Practice
351, Prakash Mohalla
Near East Of Kailash
New Delhi -110 065

PCSA -3120

CS KUSHAL SHARMA

Company Secretary in Practice
161, Gopal Bhawan, Zone-1
M.P. Nagar, Bhopal -462 016

PCSA -3121

CS SAKSHI VASHISTH

Company Secretary in Practice
C-11/85, Yamuna Vihar
Delhi- 110 053

PCSA -3122

CS RAFEEULLA SHARIFF

Company Secretary in Practice
No. 41, Patalamma Temple Road
Basavanagudi, Near South End Circle
Bangalore - 560 004

PCSA -3123

CS VEDVATI BHANGAONKAR

Company Secretary in Practice
C-2/26, Popular Colony, Warje
Pune -411 052

PCSA -3124

CS NAGAMANI B

Company Secretary in Practice
#228/A, 5th Main,
5th Cross, K.G. Nagar
Bangalore -560 01

PCSA -3125

CS RASHMI AGARWAL

Company Secretary in Practice
11, Lake Avenue,
Indicon Basera
4th Floor, Kolkata -700 026

PCSA -3126

CS SURESH PINGALE

Company Secretary in Practice
Office # 3, Ground Floor
Avishkar Heights, 1413, Sadashiv Peth
Pune- 411 030

PCSA -3127

CS ISHLEEN KAUR JUNEJA

Company Secretary in Practice
Bd-65, Upper Ground Floor
Vishakha Enclave
Pitampura
Delhi -110 088

PCSA -3128

CS KUSHAL SHARMA

Company Secretary in Practice
161, Gopal Bhawan
Zone -1, M.P. Nagar
Bhopal -462 016

PCSA -3129

CS MEENAKSHI GUPTA

Company Secretary in Practice
A-1/126, Sushant Lok -II
Near Sectorss Ait Chowk
Gurgaon -122 011

PCSA -3130

CS MAYUR MAGANLAL BUHA

Company Secretary in Practice
507, 5th Floor
Blue Chip Complex
Nr. Vadodara Stock Exchange
Sayajigund
Vadodara -390 005

PCSA -3131

CS LEKHA ASHOK

Company Secretary in Practice
M R 301, Golden Blossom Apts
Opp. Sai Baba Ashram, Kadugodi
Bangalore -560 067

PCSA -3132

CS MITUL JAIN

Company Secretary in Practice
3, Maharshi Debendra Road, 3rd Floor
Kolkata - 700 007

PCSA -3133

CS CHARU JAIN

Company Secretary in Practice
Rz-G/9a, West Sagar Pur
New Delhi -110 046

PCSA -3134

CS ROHAN V. NIMBALKAR

Company Secretary in Practice
10/3/A, Flat No. -17
Siddhesh Apts.,
Near Kailas Jivan Factory
Dhayari -411 041

PCSA -3135

CS DAMINI SRIVASTAV

Company Secretary in Practice
172/266, Bazar Jhau Lal
Chik Wali Gali
Aminabad 226 018

PCSA -3136

CS AAGVI PRAKASH SANGHVI

Company Secretary in Practice
13/14, Anand Milan
V.B.Lane Extension
Ghatkopar (East)
Mumbai -400 077

PCSA -3137



CS ANUSHREE WAGHMARE PCSA -3138
Company Secretary in Practice
52/1. Shantiban Society B-713
Near Eklavya College
Paud Road, Kothrud, Pune- 411 038

CS TAPAN KUMAR BANERJEE PCSA -3139
Company Secretary in Practice
50, Weston Street, 4th Floor
Room No -405, Kolkata- 700 012

CS NAWALAKHA RAMDAS HIRACHAND PCSA -3140
Company Secretary in Practice
Plot No -16, S. No. 87
Near Gan-Raj Mangal Karyalay Banker
Pune -411 045

CS SEEMA SHARMA PCSA -3141
Company Secretary in Practice
47, East Ghosh Para Road
Nimtalla More, Authpur
Shyamnagar, 24 PGS North -743 128

CS MEGHA BHUTANI PCSA -3142
Company Secretary in Practice
8/123, Sector -3, Rajinder Nagar
Sahibabad, Ghaziabad -201 005

CS PRASANNA ANANT NAGANUR PCSA -3143
Company Secretary in Practice
No. - 57, Vinayaka Building, 1st Floor
9th Main, Srinivasanagar
Bangalore - 560 085

CS PINKUSH JAISWAL PCSA -3144
Company Secretary in Practice
4/10, Vhb Ridge Road
Opp.Superspeciality Hospital
Above Matoshri Path Lab
Tukdoji Square, Nagpur -440 027

CS ANIL JAIN PCSA -3145
Company Secretary in Practice
J-133, Sarita Vihar, New Delhi -110 076

CS SHRAVAN AMRITLAL GUPTA PCSA -3146
Company Secretary in Practice
Room No.3, Ram Sumer Gupta House Goreswadi
S.V. Road Malad West
Mumbai - 400 064

CS VISHAL DEWANG PCSA -3147
Company Secretary in Practice
314, Swati Chamber
Galemandi, New Delhi Gate
Station Road.
Surat -395 003

CS UPDESH TOMER PCSA -3148
Company Secretary In Practice
B-8, First Floor, Nehru Ground
Niit Faridabad
Haryana -121 001



Company Secretaries Benevolent Fund

MEMBERS ENROLLED REGIONWISE AS LIFE MEMBERS
OF THE COMPANY SECRETARIES BENEVOLENT FUND*



Sl. No.	LM No.	Name	Mem No.	City
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EIRC

1	9832	Sh. Aswini Kumar Sahu	ACS - 16363	Kolkata
2	9833	Mr. Sunil Kumar Maheshwari	ACS - 30808	Hoogly

NIRC

3	9831	Sh. Anuj Jain	ACS - 26842	New Delhi
4	9834	Mr. Nitin Shah	ACS - 30904	Jodhpur
5	9837	Sh. Prasad Chenna Reddy	ACS - 19449	Gurgaon
6	9839	Mr. Sumit Mutha	ACS - 30341	Jodhpur
7	9849	Sh. Manoj Kumar Jain	FCS - 5832	Delhi

8	9852	Sh. Kartik Agrawal	ACS - 25481	Varanasi
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SIRC

9	9830	Mr. S Vadivel	ACS - 30604	Chennai
10	9838	Ms. Anju Agarwal	ACS - 29287	Hyderabad
11	9855	Sh. Vinod Sunder Raman	ACS - 18909	Bangalore
12	9856	Ms Megha Matoo	ACS - 20114	Bangalore
13	9860	Ms. Sharda Balaji	ACS - 11702	Bangalore
14	9861	Sh. K Sundararajan	FCS - 800	Chennai
15	9862	Ms. Padmaja Vummenthala	ACS - 30999	Hyderabad
16	9863	Mr. Shivakumar Shetty	ACS - 29006	Bangalore

WIRC

17	9835	Sh. Harsh Shah Nagda	ACS - 26346	Mumbai
18	9836	Sh. Anurudh Singh G. Thakur	ACS - 13210	Mumbai
19	9840	Sh. Shyam Sunder Chhaparia	FCS - 145	Gwalior
20	9841	Ms. Priya Parameswaran Iyer	ACS - 28260	Dombivli (E)
21	9842	Sh. Tushar Diwakar Shastri	ACS - 11775	Thane (W)
22	9843	Sh. Makarand S Karkare	FCS - 3835	Pune
23	9844	Sh. Durgesh Manohar Kadam	ACS - 26177	New Panvel
24	9845	Ms. Prabha Vadlamannati	FCS - 5761	Pune
25	9846	Ms. Neelu Dhingra	ACS - 17464	Bareilly
26	9847	Sh. Jitesh Dhingra	ACS - 17502	Mumbai
27	9848	Sh. Ramesh Sadanand Shenoy	ACS - 7052	Mumbai
28	9850	Ms. Archana Khemka	ACS - 9660	Navi Mumbai
29	9851	Sh. Rajiv Sharma	FCS - 2660	Mumbai
30	9853	Sh. Sanjay V Talavlikar	ACS - 11002	Pune
31	9854	Sh. Sanjay B Upadhyay	ACS - 16922	Vadodara
32	9857	Sh. Sudhir Padmakar Lale	ACS - 18863	Pune
33	9858	Ms. Bhavana Hansraj Kapadia	ACS - 21212	Mumbai
34	9859	Sh. Jayesh Sharma	ACS - 27171	Navi Mumbai

* During the period 21st July 2012 to 20th August 2012.



News From the Regions

Eastern India Regional Council

Career Awareness Programmes

The Regional Council conducted career awareness programmes at Army Public School, St Xavier's School, Panihati, Adamas International School, Heritage School, Don Bosco School, Park Circus, Future Foundation School where S.Sreejesh, Desk Officer, Career Awareness, ICSI EIRO gave a presentation to the students of Class XII on "Career as a Company Secretary" and the AV clip on the Company secretary course was also shown to the students of the respective schools. The Institute also participated in a career fair at The Heritage School where other leading colleges/institutions also participated. A career awareness program was conducted at Mt. Assissi School, Carmel School, CMS High School, Post Graduate Department of Commerce and Business Administration, TMB University at Bhagalpur, Bihar where the speaker gave an insight to the class XII students on "Career as a Company Secretary". Sreejesh informed about the ICSI Students Education Fund, the fee concession to reserved classes, ICSI E-Learning and the flexibility of the CS course to study wherever a student wants to in India. The students and the teachers of the school were inquisitive about the CS course - the time period, the fee structure, the contents, opportunities available to the profession, etc. The speaker also had an interaction with the Principal of Sundarwati Mahila College, Bhagalpur and apprised her about the CS course and the profession.

Full-Day Seminar on Capital Market, Corporate Governance and Credit Rating

On 15.9.2012 the EIRC of the ICSI in association with ICRA organised a Full-Day Seminar on Capital Market, Corporate Governance and Credit Rating at Bengal Club. CS Ranjeet Kumar Kanodia, Chairman ICSI EIRC in his welcome address to the delegates said that the seminar aims to assemble investors, practitioners, policy makers and other stake holders of the Indian capital market to provide them an excellent platform to share views, experiences and research results on aspects of Indian capital market such as Corporate Governance, Investors protection, Credit Rating, Influence of Credit Rating in respect of investment by domestic and foreign investors.

CS Arun Kumar Khandelia, Vice-Chairman, ICSI EIRC introduced the theme of the seminar and stressed on the importance of the seminar for the profession and also stated that these type of seminars are essential for the members.

CS S. Gangopadhyay, Past President, the ICSI was the Chief Guest and CS Amit Sen, Past Vice President, ICSI was the Guest of Honour.

CS Amit Sen in his address talked about the history of Corporate Governance, the importance of Credit Rating. He then threw light on the functioning of the Indian capital market and how good Corporate Governance can help in investment.

CS S Gangopadhyay pointed out the relation between Credit Rating, Corporate Governance and Capital Market. He told that unless the Corporate Governance functions well, the other two - Credit Rating and Capital Market can't function properly.

In the *First Technical Session* Vinita Baid, Deputy Manager, ICRA spoke on the basic concepts of Credit Rating, the requirement of Credit Rating. She pointed out that Credit Rating requires two types of information, standard information and specific information. She stated as an example in standard information, for credit rating it requires the last five years' Annual Report, Shareholding pattern, shareholders' view and cash flow patterns etc.

Abhijit Jhunjunvala, Senior Analyst, ICRA said that "Credit Rating is an opinion not a recommendation". He in his deliberation said that cash flow patterns of the company are essential for its rating. He also said that credit rating of any entity also depends on any Merger & Acquisition plans, technology upgrading, MIS, Management Evaluation, accounting quality, etc. He spoke on the demand and supply patterns and its influence on credit rating of a business. At last he pointed out that Balance Sheet and Profit and Loss Account are all about numbers and the main thing is that it needs to be interpreted analytically.

Gaurav Lall, Asstt. Vice-President, ICRA in his presentation on "Credit Rating of SMEs" spoke on the definition of SME, expectation and challenges of SME Industry. He said that there is a big benefit behind rating of SME Industries like projecting a better image to prospective lenders, improving the comfort level of existing/prospective lenders, to get better negotiated terms for credit, for self-evaluation and take timely and corrective measures for improvement. He then said that ICRA has rated 800 SMEs till date. He also pointed out that SMEs credit rating is on two point basis - first on performance (scale "1" to "5") and the second one is on financial strength (Scale "A" to "C"). At last he spoke on the required documentation for credit rating.

In the *Second Technical Session* Sanjay Gupta, partner, E&Y spoke on "Corporate Governance" where he explained the need of Corporate Governance, its definition, issues and other core aspects of corporate governance. He then compared the existing corporate governance structure with the one proposed in the Companies Bill. He also spoke on the combination of directors in the company, role of Independent Directors, role of Audit Committee, CEO/CFO certification, etc.

In the *Third Technical Session* the speaker was CS Rajendra



News from the Institute & Regions

Chotia of Microsec Capital Limited who spoke on "SMEs Listing". He in his deliberation to the audience said that SMEs listing is the need of the hour. The Indian capital market has welcomed this with open hands. He said that all the members recognized by the BSE are by default members of this segment, he also said that compliance norms for SMEs are simplified, exit opportunity is comparatively easy but the main and most stringent norm is that minimum investment should be Rupees One lakh as well as trading lot should be Rupees One lakh. Due-Diligence is also required for SMEs which are listed.

CS. K. Shekhar, Head - Legal & Group Company Secretary, the Chatterjee Group spoke on the topic "ICDR, IPO / FPO". He in his presentation threw light on the genesis of IPO, FPO, Right issue, Bonus issue, Private Placement, QIPs, Preferential issue etc. He also spoke about the eligibility norms of IPOs, Book Building Process, bid price, ask price, etc. He also spoke on the exemption from IPO eligibility norms which is given to some specified sectors like Private sector Bank, Public Sector Bank, Infrastructure Company, etc.

CS Jayabrita Mukherjee, Manager - Investment Banking, Sumedha Fiscal Services Limited spoke on Listing & Delisting of Equity Shares. He covered some basic aspect of delisting. He talked about two types of delisting - Compulsory Delisting and Voluntary Delisting. He also spoke about Delisting process, exit opportunity, etc. The sessions were followed by interactive Question - Answer sessions.

9th Regional Conference of Practising Company Secretaries

On 29.9.2012 the EIRC of the ICSI organised its 9th Regional Conference of Practising Company Secretaries on "Company Secretaries - A Corporate Journey towards Excellence" at Hotel Golden Park, Kolkata.

CS Ranjeet Kr Kanodia, Chairman ICSI EIRC in his address said that the theme of the conference and the topics of the sessions relating to Income Tax, Service Tax and Competition Law have been selected keeping in mind the changing dynamics of these laws and their relevance for practising company secretaries. He in his address spoke on the genesis of the CS profession and highlighted the journey of the profession from eighties till date. He emphasized on the importance of corporate governance and mentioned the role of a CS to maintain good corporate governance principles.

The Chief Guest was Amlesh Bandopadhyay, Member (Technical), CLB, Kolkata Bench and Guest of Honour was Dr. Navrang Saini, Regional Director (Eastern Region), Ministry of Corporate Affairs, Govt. of India. The Guest speakers of the Conference for the First Technical Session were CA Pulak Saha of P.K.Saha & Associates, CS Anjan Kr Roy, Immediate Past Chairman, ICSI EIRC.

Dr. Navrang Saini in his address appreciated the efforts of ICSI EIRC in organising the PCS conference and said that XBRL problems which were there last year, have come to a minimal. He spoke about the importance of Cost Audit, filing of Balance sheet

in XBRL mode. He said that MCA 21 is one of the best online register portals. He pointed out that the online filing, introduction of XBRL etc. has been done to bring in transparency.

Amlesh Bandopadhyay in his address to the gathering highlighted the importance of Corporate Governance which is essential for better functioning of an enterprise. He said that a professional needs to be constantly updated with recent developments as it will only enhance his professional skill and will not only benefit him but also his clients. He said that the meditation session that has been arranged during post lunch session of the conference would be also helpful for the members as these types of sessions are very important to maintain a healthy work life balance.

The First Session was on the theme "Legal Updates from Corporate Journey". Amlesh Bandopadhyay spoke on "Income Tax - Recent Updates". He in his address discussed GAAR, Direct Tax code. He discussed the Vodafone acquisition of Hutchison Telecom and the tax implications of the deal and the judgments pertaining to the deal. He also said that for a nation to grow it needs to have simpler tax laws like for example Singapore. He said that there should be a policy to reward those taxpayers who pay the taxes on time. He stressed on the point that an honest taxpayer should not be harassed. He said that taxes should be levied wherever there is an opportunity.

CA Pulak Saha spoke on the topic "Service Tax & GST" where he discussed the definition of the term service and the various details of service tax. About GST Saha said that GST will bring about a change on the tax structure by redistributing the burden of taxation equally between manufacture and service.

CS Anjan Kumar Roy, spoke on "Competition Law" where he said that Competition Act has taken place of its predecessor the MRTP Act. He said that Competition as a matter of fact gives a huge benefit but the competition should not be biased to certain enterprises and this is the reason for the setting up of Competition Commission of India and the enactment of the Competition Act. He said that there is a huge opportunity for Company Secretaries to practice in the competition and anti trust domain. He said that Competition Act of India has got various features and also been modified on the basis of the Competition Acts of developed nations like USA and UK. He also threw light on the various case laws pertaining to Competition Act like DLF case, etc.

The Second Session was on "Stress Management & Om Meditation".

Nagendra Prasad, I/C, Superintendent of Police, CBI, ACB, Kolkata introduced the theme of the session and his address spoke about benefits of meditation and said that stress has become an ailment in today's modern world and we in India had the cure of this from ancient times in the form of yoga and meditation.

Manoj Kumar Bimal, Deputy General Manager (LM), Airports Authority of India in his deliberation said that Meditation is a practice in which an individual trains the mind and induces a mode of consciousness to realize some benefit. He taught the participants to meditate with the help of OM recitation and pleasant surroundings, as with this practice an individual can be in peace



with oneself and can ease out stress.

BHUBANESWAR CHAPTER **Career Awareness Programme**

On 21.08.2012, the Bhubaneswar Chapter organized a Career Awareness Programme at Mahila Mahavidyalaya, Champua, District, Keonjhar, Odisha. CS Rajendra Kumar Kar, Company Secretary, Gopalpur Port and also Counsellor, the ICSI addressed the students and the faculties about career as a Company Secretary, his lucrative salary, position in the organisation and also in practice. He also elaborated the course contents, examination pattern, fee structure, coaching, library and other training facilities of the ICSI. Further he apprised the gathering how to prepare for the CS course. Principal and other lecturer of the college including around 75 students attended the programme. CS brochures were distributed amongst the students. Teachers' kits were also presented to the college. U.C. Mishra, Chapter Office In-charge provided administrative support for the programme.

ICSI Corporate Governance Week

From 27.8.2012 to 31.8.2012, Bhubaneswar Chapter of EIRC of the ICSI joined with the HQ of the ICSI in celebrating the 2nd ICSI Corporate Governance Week at its premises wherein various professional development programmes such as seminar, study circle meeting, lecture meet, interactive session, evening talk and other go green initiatives were organized. In the above programmes both members and students participated in large numbers in each day of the programme. Leaflets/brochures and posters for the week long celebration were displayed at the entrance of the main gate, class room, conference hall for awareness amongst the members, students. Banners were also displayed for the five days programme at the main gate of the Chapter.

On 27.8.2012 an evening talk on (a) Non Financial Disclosure and (b) National Policy on Corporate Governance was organized which was addressed by CS Vijaya Batth, Practising Chartered Accountant, Bhubaneswar.

On 28.8.2012, the Chapter organized a lecture meet on the topic (i) Whistleblower which was addressed by Dr. K.C. Das, Head of the Department of Commerce, Utkal University, Bhubaneswar.

On 29.8.2012, the Chapter organized a Study Circle Meeting on 'Environment Law and Waste Management' wherein S. Sarangi, MD, GEomin Zoology, Bhubaneswar addressed the gathering. Further on 30.8.2012, a meet on (1) Achieving Sustainability and (2) Role & Function of Board, Institutional Investors was organized. CS K.N. Ravindra, Company Secretary, National Aluminium Company Ltd., Bhubaneswar addressed the members and students on the occasion. On 31.8.2012, a seminar on (a) Basic Life Skills was arranged for both the members and students. Dr. S. Pani, Director, DDCE, Utkal University, Bhubaneswar was the speaker of the session.

A large number of members, other professionals, invited guests and students attended the aforesaid programmes. The participants gave a good feedback about the programme and praised the

Institute for organizing this type of continuous programmes for their updation. In all the five days of the programme CS J.B. Das, Chairman, CS A. Acharya, Vice Chairman, CS Debadatta Mohapatra, CS Priyadarshi Nayak coordinated and contributed a lot and apprised the participants about Institute's various welfare measure activities. Other members of the Managing Committee also contributed a lot for the success of these programmes. U.C. Mishra, Office-in-Charge of the Chapter provided and arranged all required facilities for the success of the celebration keeping in touch with the HQ.

Pujan Ceremony

On 14.9.2012, CS Nesar Ahmad, President, the ICSI and CS N.K. Jain, Secretary & CEO, the ICSI did puja for the extended third floor of the Chapter building by cracking coconut as an auspicious mark. Members of the Managing Committee of the Chapter, other members and students of the Institute were present on the occasion.

Full Day Seminar on revised Schedule-VI, XBRL & Service Tax

On 14.9.2012, Bhubaneswar Chapter organized a full day seminar on 'Revised Schedule - VI, XBRL Mode of Filing and Service Tax'. The seminar was inaugurated by CS Nesar Ahmad, President, the ICSI as the Chief Guest of the Programme. CS N.K. Jain, Secretary & CEO, the ICSI and CS R.K. Kanodia, Chairman, EIRC of the ICSI also attended and addressed the seminar as the Guests of Honour.

The Seminar was divided into two technical sessions. In the First Technical Session Dr. D.V. Ramana, Professor of Finance, Xavier Institute of Management, Bhubaneswar Chaired the session while Ankit Varshney, Webtel Pvt. Ltd, New Delhi addressed the gathering on 'Revised Schedule - VI and also demonstrated live on XBRL mode of filing. In the Second Technical Session D.K.Roy, Director, OMC & OPTCL, Bhubaneswar Chaired the Session while CS Smitesh Desai, Practising Company Secretary, Mumbai made a very nice presentation on the Service Tax. Earlier CS J.B. Das, Chairman, presented the key note address of the seminar. About 200 delegates including members and students of the ICSI, other professionals and corporate executives of various corporations attended the seminar. There was question - answer session after the end of each Technical Session.

Interactive Session with the President and the Secretary & CEO, the ICSI

On 14.9.2012 during the inaugural session of the full day seminar of the Bhubaneswar Chapter, the Chapter arranged an interactive session with CS Nesar Ahmad, President and CS N.K. Jain, Secretary & CEO, the ICSI, New Delhi with the Members & Students of the Institute present to attend the full day seminar. Various suggestions were discussed and emerged during the session for their implementation in future.



News from the Institute & Regions

Press Conference

On 14.9.2012 the Press Conference organised by the Chapter was addressed CS Nesar Ahmad, President, CS N.K. Jain, Secretary and CEO, the ICSI. Others present were CS R.K. Kanodia, Chairman, EIRC, CS J.B. Das, Chairman and CS A. Acharya, Vice Chairman, Bhubaneswar Chapter. Both the President and Secretary and CEO, the ICSI addressed the print and electronic media about the ICSI, career prospects of CS, other services being provided to the corporate world by the Institute and the profession, etc. The proceedings of the programme were telecast on the TV channel the same evening and also repeated telecast was made on the next day's morning programme. Proceedings of the programme were also published in the regional dailies. Around 25 media people both from print and electronic media and other representatives attended the programme.

TV Interview

During the programme an exclusive interview of CS Nesar Ahmad, President and CS N.K. Jain, Secretary & CEO, the ICSI was telecast by OTV and ETV, Odisha about the CS course in the evening and also made repeat telecast was made in the next day's news bulletin.

Lecture Meet

On 23.9.2012, the Bhubaneswar Chapter organized a lecture meet at its premises. Prof. S.P. Pani, Director, Distance Education, Utkal University, Bhubaneswar was the Guest resource person of the programme who highlighted the flow of ancestral traditions, myths and ideologies to the modern day life with attitudinal changes. Around 35 participants attended the talk.

Meeting with the ROC, MCA, Odisha

On 1.10.2012 a preparatory meeting with B. Mishra, Registrar of Companies-cum-OL, Cuttack, Odisha was organized at Cuttack, Odisha wherein representatives from Bhubaneswar Chapter of the ICSI and other professional bodies attended. The purpose of the meeting was to organize Investor Awareness Programmes in Odisha with active support from the Regional Director (East), MCA before 31.03.2013. Further in the meeting about 20 Investor Awareness programmes were allotted to the Chapter for conducting the said programme in Odisha before 31.03.2013.

Investor Awareness Programme

On 14.10.2012, Bhubaneswar Chapter organized two Investor Awareness Programmes - one at Rourkela and another at Jharsuguda, Odisha. The programme was held under the aegis of IEPF, MCA, Govt. of India. The Registrar of Companies, MCA, Odisha and the Regional Director (E), MCA were well informed about the said programme which on the other hand provided a great support for success of these programmes. Investors/general public of the two cities, members and students and print and

electronic media were also well informed about the programme for larger participation. CS J.B. Das, Chapter Chairman addressed at both the places, CS Vikash Sharma, PCS, Rourkela addressed at Rourkela. In addition CS L.N. Panda, PCS, Rourkela and Basudev Pradhan of Jharsuguda city were actively involved for success of these programmes.

NORTH EASTERN CHAPTER Study Circle Meeting

On 2.10.2012 the North Eastern Chapter of EIRC of the ICSI organized a Study Circle Meeting on the topic Let's Gear of Our Mind addressed by CS Vivek Sharma. A good number of Members, Students and their parents attended the said programme. Being birth day of Mahatma Gandhi, the Father of the Nation, the Chapter also paid tribute to him on the occasion. ■

Northern India Regional Council

Joint One day Seminar on Corporate Governance - A Long Term Consciousness Perspective & Revised Schedule VI and XBRL

On 17.10. 2012 the NIRC-ICSI organized a one day Seminar jointly with SAFIM on 'Corporate Governance - A Long Term Consciousness Perspective & Revised Schedule VI and XBRL' at Mayur Vihar, District Centre, Delhi. Dr. M Veerappa Moily, Hon'ble Union Minister for Corporate Affairs & Power was the Chief Guest and Dr. K Rahman Khan, Former Dy. Chairman, Rajya Sabha presided over the Seminar. CS Nesar Ahmad, President, the ICSI and Pradeep Narang, Chairman, Sri Aurobindo Society & SAFIM were the Guests of Honour. Around 300 members including CS O.P. Dani, CS Deepak Kukreja and CS Vineet K Chaudhary were present in the inaugural session of the Seminar.

Inaugural session: CS Ranjeet Pandey anchored the inaugural session of the seminar. Dr. M Veerappa Moily in his address said that corporate governance is very important in today's scenario. He also congratulated NIRC-ICSI for getting Best National Regional Council Award. He said that ICSI has always demonstrated its commitment to corporate governance and is playing a leader's role in promoting good corporate governance practices amongst corporate India. He mentioned that the SAFIM & NIRC of the ICSI has taken a unique initiative of organising the seminar on consciousness perspective of Corporate Governance.

Dr. K Rahman Khan addressing the participants said that compliance is the most important part of the professional's role to be played in the corporate sector. He mentioned that being a professional himself he has been practising consciousness and called upon all professionals to follow the same on day to day basis. Nesar Ahmad delivering his address spoke about the potential of



youth available in the country. He said that no activity can be undertaken without the help of professionals. He spoke about the success of MCA, XBRL online Filing within a short span of time. He also emphasised on the Role of Company Secretary in Good Governance. He said that, Company Secretaries, over a period of time, have developed themselves as professionals having core competence in Corporate Governance.

Pradeep Narang, Chairman, Sri Aurobindo Society & SAFIM, spoke on the objective & Values of Sri Aurobindo Society.

CS Rajiv Bajaj, Chairman, NIRC in his welcome address informed the members that NIRC-ICSI has been adjudged as the National Best Regional Council of the Institute continuously for the fifth time.

Dr. Ashok Haldia, Member, Governing Board SAFIM & Director, PTC Financial Services Ltd, introduced the theme of the seminar. CS Harish K Vaid, Central Council Member, the ICSI, also spoke on the occasion.

CS Ranjeet Pandey, Immediate Past Chairman, NIRC, conducted the proceedings of the seminar.

The Inaugural session was followed by two Panel Discussions. The First Panel discussion was on 'Corporate Governance - A Long Term Consciousness Perspective'. The panelists were N K Jain, Secretary & CEO, the ICSI, Satya Poddar of E&Y, Prithvi Haldia, CMD, Prime Database & T N Manoharan, Past President, the ICAI.

The Second Panel discussion was on 'Revised Schedule VI and XBRL'. The panellists were Sanjeev Singhal, Vice President - Finance, Jubilant Life Science Ltd., M M Chitale, Member, SAFIM Advisory Board, Chairman NACAS & Past President, the ICAI, Sandip Khetan, Director, KPMG & Kamal Garg, Kamal Garg & Associate.

One-day Seminar on Innovations and Intellectual Properties - Catalyst to Growth

On 22.9.2012, NIRC-ICSI organized a one day seminar on the above topic at New Delhi. B K Sharma, Former Chairman, Copyright Board was the Chief Guest and CS B Murli, Senior Vice President - Legal & Company Secretary, Nestle India Ltd. was the Keynote Speaker. Around 350 members were present at the inaugural function of the seminar.

Inaugural session: CS Ranjeet Pandey, Immediate Past Chairman, ICSI-NIRC anchored the inaugural session of the seminar and gave the theme introduction of the seminar. CS Rajiv Bajaj, Chairman, ICSI-NIRC said that the theme of the programme was decided to be in line with the spirit of innovation and also the theme of NIRC i.e. Capacity Building & Value Creation. He mentioned that this is an area where very few members are practising. He informed how Japanese protect their trademark, copyright & intellectual assets and making money. The awareness about the protection of innovations and intellectual properties is a must. He intimated the members about the forthcoming programmes and at the end, invited suggestions for further betterment of the activities of ICSI-NIRC.

CS B Murli while addressing the gathering explained the word innovations and said that innovation is nothing but the process by which an idea or invention is translated into a product or service for which people will pay or something that results from this process. He said that managing innovations better than one's competitors is the main objective of a business that wishes to survive in today's economy. Nowadays it is generally accepted that a technological innovation is a key ingredient of a successful performance of a company or business. He then explained how innovations can be protected. He explained the concept of Intellectual Property and mentioned that it can be classified as Trademark, Patents, Designs and Copyright. He explained in detail about all four forms of Intellectual Properties. He also explained the areas where Company Secretaries can play an important role. The different areas are: formulation of protectable Intellectual Property, Protecting Intellectual Property against violations & counterfeit and Compliance within the Company etc.

CS Atul Mittal, Central Council Member, The ICSI while addressing the gathering explained the concept of Intellectual Properties and their protection with the help of various examples viz. Nestle, Zandoo Baam, Apple I Pad, Hero Honda Motors. He said it is the duty of professionals to create value, enhance value & protect value.

B K Sharma said that Intellectual property is given to bundle of rights & bundle contains many different rights viz. trademarks, patents, designs, copyrights etc. He said that trademark is a subject of largest litigation. Filing of patent application is a very big process and its misuse is very costly. The largest number of patents is with US. He discussed the history of copyrights. He suggested all that mastery of everything is not possible but basics must be clear and mentioned that in copyrights expression is protected not the knowledge. He suggested that as professional maintaining secrecy is must for any organisation. The best presenters & best participants of 166th MSOP were awarded by the Chief Guest.

First Technical Session: CS Ranjeet Pandey anchored the First Technical Session of the seminar.

P D Gupta, Patent Attorney, L S Davar & Co. spoke on "Software related patents and legal aspects of patent protection in India". He discussed the history of patents. He explained the meaning of patent, provisions relating to infringement, rights conferred by a patent to a patentee, rules regarding determination of the scope of rights, the acts which constitute infringement and which do not constitute infringement, types of infringement, actions to be taken for infringement, etc.

Dr. S Banerjee, Patent Attorney, L S Davar & Co. spoke on "International Patenting". She discussed routes of patenting abroad viz. convention route, direct filing route and patent cooperation treaty route. She also discussed the various disadvantages of the convention route. She discussed in detail the procedure of patenting abroad by following patent cooperation treaty route and the advantages.



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Dr. Shaleen Raizada, Sanshadow Consultants Pvt. Ltd. spoke on "Innovations-Development and Management". She with the help of various exercises explained the entire concept of innovations.

Second Technical Session: CS Vineet Chaudhary, Regional Council Member, ICSI-NIRC anchored the second technical session of the seminar.

V P Dalmia, Partner, Vaish Associates, spoke on "Trade Marks - Registration & Enforcement". He said that in the era of Mergers & Amalgamations money can be made by creating brand loyalty. Intellectual property is wealth only, if you create wealth for the company, you create wealth for yourself also. He said that trademark is used for identification in the market & it is a symbol of goodwill attached with it and is nothing but the faith of people. He also mentioned that enforcement of legal rights in trademarks lies with the court in public interest and also protection of trademarks is essential. He with the help of various examples suggested what a good trademark is or not. He advised before deciding on the trademark to go in for search both ways viz. words and also phonetic and also informed that registration of the trademark is optional. He also explained the terms infringement, passing off and briefly touched the provisions of copyright & industrial designs.

Sanjay Jain, Senior Advocate spoke on "Trade Marks - Registration & Enforcement". He explained the concept of infringement of the trademark in detail and also the procedure to be followed in case of infringement. He also discussed the various remedies available viz. remedy of contempt, remedy of criminal prosecution, civil remedy, interim remedies etc. with the help of various case laws.

Third Technical Session: CS Manish Gupta, Regional Council Member, ICSI-NIRC anchored the Third Technical Session.

Sharad Vadehra, Senior Partner, Advocate & Registered Patent Agent, KAN & KRISHME spoke on "Copyright and case study - Samsung v. Apple patent case. He discussed the meaning, rationale & nature of copyright. He also discussed the various provisions of the Indian Copyright Act, 1957 and amendments thereto with the help of various case studies. He discussed the provisions relating to infringement of copyrights and also the remedies available. He also briefly discussed the provisions relating to Designs Act.

CS D K Lalwani spoke on "Opportunities for Company Secretaries in the field of Patents, Trade Marks & Copyrights". He shared his experience with the delegates and mentioned that it is a specialised field. He informed that opportunities for practising professionals in intellectual properties are divided into two parts, one is opened for all and other is a restricted field for professionals. For example for practising in patents & designs specific qualification is required. He also discussed various limitations & difficulties being faced by the Company Secretaries.

After the technical sessions the queries raised by the delegates were suitably replied by the guest speakers.

Chandigarh State Conference on Emerging Opportunities for

Professionals - Present Economic Scenario

On 8.9.2012 at the Chandigarh State Conference on "Emerging Opportunities for Professionals-Present Economic Scenario, His Excellency Jagannath Pahadia, Governor of Haryana, was the Chief Guest of the said Conference.

CS Nesar Ahmad, President, the ICSI; Chairmen of Technical Sessions: S J Singh, IRS, Commissioner, Central Excise & Service Tax; S.K. Goyal, IAS, Special Secretary Home, Chandigarh; Anil Dawra, IPS, Addl. Director General of Police were the Guests of Honour.

The Speakers were CS J K Mittal; CS Manvinder Singh; Anupam Malik, Joint Labour Commissioner, Haryana and Jagannadham Thunuguntla, Strategist & Head of Research, SMC Global.

Vaishali Study Circle Meeting on Compliance under Listing Agreements and Amendments

On 8.9.2012 Praveen Bharti was the speaker of the Vaishali Study Circle Meeting on Compliance under Listing Agreements and Amendments.

West Zone Study Circle Meeting on Analysis of Schedule VI of Companies Act 1956 & Accounting Standard

On 15.9.2012 at the West Zone Study Circle Meeting on Analysis of Schedule VI of Companies Act 1956 & Accounting Standard Anil Gupta was the speaker.

Meeting of Company Secretaries in Practice on How to Establish a Competitive Practice of Company Secretaries

On 17.9.2012 at the Meeting of Company Secretaries in Practice on How to establish a competitive Practice of Company Secretaries CS Hemant Paliwal was the speaker.

Study Circle Meeting on Issue of Securities - Recent Supreme Court Judgment & its Implications

On 21.9.2012 at the Study Circle Meeting on Issue of Securities - Recent Supreme Court Judgment & its Implications CS Rachna Sayal was the speaker.

One Day Seminar on Innovations & Intellectual Properties - Catalyst to Growth

On 22.9.2012 at the one day Seminar on Innovations & Intellectual Properties - Catalyst to Growth, B.K. Sharma, Former Chairman, Copyright Board was the Chief Guest. CS B. Murli, Senior Vice President, Legal & Company Secretary, Nestle India Ltd. was the



Keynote Speaker. The other speakers were P D Gupta, Patent Attorney, L. S. Davar & Co, Dr. S.Banerjee, Patent Attorney, L. S. Davar & Co, Dr. Shaleen Raizada, Managing Director, Sanshadow Consultants Pvt. Ltd., Vijay Dalmia, Partner, Vaish Associates, Sanjay Jain, Senior Advocate, Sharad Vadehra, Senior Partner, Advocate and Registered Patent Agent, KAN & KRISHME and CS D K Lalwani.

East Zone Study Circle Meeting on Registration of Charges

On 22.9.2012 at the East Zone Study Circle Meeting on Registration of Charges CS S Koley was the speaker.

South Zone Study Group Meeting on CS Role in Segment wise Registration & Licensing

On 28.9.2012 at the South Zone Study Group Meeting on the above topic CS K.K. Singh was the speaker.

Half Day Workshop for Female CS on Empowering Women-Empowering Profession

On 29.9.2012 at the half-day Workshop for Female CS on Empowering Women - Empowering Profession, Sudha Gupta, Chairperson, Mother's Pride was the Chief Guest. Neha Chaudhary, Dy. Commissioner, Income Tax and Dr. Prabha Jain were the speakers.

Participation in Airtel Delhi Marathon 2012 - Great Delhi Run (6 Km.)

On 30.9.2012 NIRC participated in Airtel Delhi Marathon 2012- Great Delhi Run. (6 Km.)

North Zone Study Group Meeting on Cost Audit - Reforms

On 30.9.2012 at the North Zone Study Group Meeting on Cost Audit - Reforms Ravi Sahni and Ashok Chawla were the speakers.

GURGAON CHAPTER Study Circle Meeting

On 15.9.2012 the Gurgaon Chapter of NIRC of the ICSI organized a study circle for the members on "Understanding some Important Commercial Terminologies". The Guest Speaker was CS Rakesh Kumar Singhal. The participants were explained in detail by live examples the meaning of various commercial terms that are used on regular basis in the business of import and export and local purchases and their importance and financial implications. The main focus of the training was to make members aware of the important terms like FOB Price, CIF Price, Delivered duty paid, Delivered duty unpaid, Customs Bill of Entry, Switching of Bill of lading, Buyers' Credit, Letter of Credit with and without recourse to buyer, Nostro/Vostro Accounts, Coverage of Customs duty Insurance, F.O.R. price, Ex-factory price, currency derivatives,

packing credit, TT Selling and buying rates. The participants were put to on the spot test as to how to calculate customs duty as per Indian Customs rules and were explained as to how to save money in the process of imports and also the precautions that must be observed while handling import/export documents so as to avoid any complications from DGFT and RBI. Members were explained about the importance of covering credit risk against exports by insurance through ECGC and by seeking L/C from buyers without recourse to buyer. Further the importance of Certificate of origin was explained along with mechanism/process of import. The topic was well accepted by the members from Industry as they were made aware of the importance of authentication of audited accounts by Company Secretary and how they should build an in house macro check list to ensure that accounts are in compliance with requirements of the Companies Act, 1956.

Half Day Seminar - XBRL Concepts & Application for Professionals

On 21.9.2012 the Gurgaon Chapter of NIRC of the ICSI organized a half-day seminar on XBRL Concepts & Application for Professionals at Gurgaon. CS Rajender Kapoor, Director, Webtel Electrosoft Pvt. Ltd. was the Chief Guest and Speaker for the seminar. Kapoor informed the members that eXtensible Business Reporting Language (XBRL) is a language for the electronic communication of business and financial data revolutionizing business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. Its benefits include cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data. Explaining the taxonomy he said that an XBRL document comprises the taxonomy and the instance document. Taxonomy contains description and classification of business & financial terms, while the instance document is made up of the actual facts and figures. Taxonomy and Instance document together make up the XBRL documents. He further said that in this information age business operates on information, so professionals need to know the fundamentals of Extensible Business Reporting Language (XBRL) which fundamentally is a language that helps businesses effectively and efficiently bridge the current gap between various business systems used to operate businesses. He informed that as per recent Circular No 90/2011 from MCA dated 31.03.12 it has been decided by the Ministry of Corporate Affairs to mandate certain class of companies to file balance sheets and profit and loss account for the year 2010-11 onwards by using XBRL taxonomy. In Indian perspective he informed that XBRL India is the Indian Jurisdiction of XBRL International. Its main objective is to promote and encourage the adoption of XBRL in India as the standard for electronic business reporting in India. Members of XBRL India among others include regulators such as Reserve Bank of India (RBI), Insurance Regulatory and Development Authority (IRDA), Securities and Exchange Board of India (SEBI), Ministry of



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Corporate Affairs (MCA), Stock Exchanges like Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), and some private sector companies. Securities market regulator, SEBI has set up an XBRL enabled platform for corporate reporting (www.corpfiling.co.in) by BSE and NSE. As a result both stock exchanges have migrated to XBRL from the paper based model and offer a unified electronic platform, popularly known as 'CorpFiling' system. He practically demonstrated some XBRL applications and focusing on the application part he said that XBRL can be applied to a wide range of business and financial data e.g. company internal and external financial reporting, business reporting to all types of regulators, including tax and financial authorities, central banks and governments, exchange of information between government departments or between other institutions, etc. At the end very lively discussion took place among the members present with the speaker.

Valedictory Session of 8th MSOP

On 21.9.2012 Gurgaon Chapter organized the valedictory session of 8th MSOP at GIA Hall, Gurgaon. CS Hitender Mehta, past chairman NIRC and partner Vaish Associates was the Chief Guest on the occasion who spoke on Vision, Mission, Goals, Code of Conduct for Professionals of ICSI and congratulated the Chapter for bringing up high caliber professionals into the corporate world. He also requested the budding professionals to be active member of CSBF. He also requested the professionals to restore the human phase in the corporate system, as CS professionals are key managerial persons in the corporate system and requested them to bring in more values to the corporate system which in turn helps in growth of the country. CS Dhananjay Shukla who was Guest of Honor congratulated the professionals on completion of the training and requested them to keep up the values 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 award went to Mahua Majumdar and Vikram Singh, Best speaker award to Shruti Agarwal and Rajesh Singh Chahar. The award for Best Project Report was given to Working Capital Management and Best Presenter Group was given to Corporate Governance.

Cricket Match

On 23.9.2012 to maintain proper work life balance, Gurgaon Chapter of NIRC of the ICSI organized a cricket match between CS Members & CS students at the playground of Ajanta Public School, Gurgaon. The teams were led by CS Ranjeet Pandey (Captain of Members' Team) and Gaurav Sharma (Captain of Students' Team). The Students' team won the match. The winning and runners up teams were honoured with the trophy by CS Punit Handa, Chairman, Gurgaon Chapter and CS Dhananjay Shukla,

NIRC Member. Awards were also distributed to Best fielder and Man of the Match. The presentation to winning and runners up teams were given by Aviva Life Insurance (the sponsors) of signed cricket bats by Sachin Tendulkar.

Inaugural Session of 9th MSOP

On 10.10.2012 the Gurgaon Chapter organized its 9th Management Skills Orientation Programme at the Chapter premises. CS Punit Handa, Chapter Chairman in his welcome address said the participants that now is the time for transformation from student life to professional life. He further said that presently top management of companies expect a lot from the company secretaries, hence CS should be ready to face corporate challenges and constantly upgrade themselves to fulfill corporate expectations.

CS Rahul Saxena, Manager (Finance), ITC Ltd., who was Chief Guest on the occasion said that in these days corporate environment offers immense opportunities for professionals like CS and demand for professionals is very high. He said that today Company Secretaries are looked as a value creator, service & solution provider and risk & opportunity manager and are recognized as a key management professional and officer in default. He further advised the students to stay focused and be ambassadors of the profession.

CS Hitender Mehta, past Chairman NIRC and Partner Vaish Associates was the Guest of Honor who gave valuable tips on how to join practice side of the profession and said that one has to think like an entrepreneur. He said that today specialists are needed in every field so Company Secretaries need to specialize in their area of choice.

CS Dhananjay Shukla, NIRC Member on behalf of the Chapter congratulated the participants and welcomed them in the noble profession of company secretaries. ■

Southern India Regional Council

Half-day Seminar on Limited Liability Partnership

On 13.10.2012 a half-day seminar on Limited Liability Partnership was organized. The Guest Speaker CS Srikumar B, Assistant Director, Ministry of Corporate Affairs Chennai in his address explained that LLP Act, 2008 passed by Lok Sabha on 12th of December 2008 was assented to by the President of India on 7th January 2009. Srikumar went on to explain that the LLP Rules, 2009 was notified on 01st of April 2009 and LLP (Winding up and Dissolution) Rules 2010 was notified on 30th March 2010. While defining the Limited Liability Partnership Srikumar observed that it is a hybrid of Corporate and Partnership business forms. He further added that LLP limits the liability of partners to the extent of their contribution and provides flexibility without imposing detailed legal and procedural requirements. Srikumar also highlighted the new



features of the LLP Act saying that the partners of LLP will be facing the mandatory imprisonment with penalty for false statement, fraud and non-compliance of order of Tribunal/CLB/Court under sections 11(3), 37, 30 and 73 and the LLP is also liable to third party to the extent of credit received by it or any financial benefit derived on falsely holding out of a person as partner of LLP under Section 29. The speaker also spoke on the LLP agreement, conversion of partnership firms and companies to LLP, the effects of conversion, Guidelines for users (FO) On Post Integration, annual compliances of LLP, Foreign LLP and taxation and winding of LLP. The members actively interacted with the speaker after which CS Ramasubramaniam C, Member, ICSI - SIRC summed up the proceedings of the Seminar.

Talk on Work-Life Balance

On 26.9.2012 Sirisha P, Corporate Trainer spoke on Work - Life Balance [WLB] to the members. Sirisha explained that the WLB is the art of scheduling an equal number of hours for each of the various official and personal activities. She emphasized about the importance of WLB in the prevailing busy work - life schedule. Sirisha also organized activities for the members and the members actively participated.

Study Circle Meeting on NGO - Formation, Tax and Accounting Aspects

On 22.9.2012 CS M S Sankar, Financial Adviser & CAO, Sarva Shiksha Abhiyan, Government of Tamilnadu, Chennai was the speaker who in his address traced the history of the NGOs and narrated the members about their growth. He informed that there were nearly 1.2 million NGOs in the country employing nearly 20 million persons on paid or voluntary basis and the main sources of funds for these organizations were grants from government and international sources, donations from Indian and foreign sources, donations and self-generated funds. Sankar also focused on the applicability of various Accounting Standards to the NGOs and the initiatives taken by the Government in protecting the interests of the NGOs. The members actively interacted with the speaker. CS R Srinivasan, Chennai summed up the proceedings.

13th MSOP

On 10.9.2012 the 13th MSOP was inaugurated at ICSI - SIRC House, Chennai by N R Venkatesan, Director, Regional Controller, Asia, Vishay Precision Group, Chennai. Sarah Arokiaswamy, Joint Director, ICSI-SIRO in her welcome address explained the guidelines of the programme. She requested the participants to interact with the faculty members, who have rich experience in their chosen areas. CS Dr. Ravi B, in his address urged the participants to come prepared for the sessions with the points to be discussed and clarified with the faculties. He further advised the participants to develop the communication skills and reading. In his inaugural address N R Venkatesan explained the vision and mission of the ICSI to the participants. He further went on to advise the

participants to have a dynamic approach in their day to day work as CS has fiduciary responsibility. Venkatesan gave the participants some valuable tips on attending interviews and the preparation of resume. On general front, he advised the participants to lead a simple and honest life.

On 26.9.2012 at the valedictory session Henry Richard, Registrar of Companies, Tamilnadu, Chennai delivered the valedictory address. Henry Richard urged the participants to accept any work with 100% knowledge on the subject. He advised the participants that ethics are not optional but essential and hence to be followed strictly. The ROC also informed the participants about the employment opportunities available with the MCA for the young CS and encouraged them to join the MCA.

In his address, CS Marthi S S, Chairman, SIRC congratulated the participants on successfully completing the examinations and the MSOP. He advised them that the real challenge starts only after getting the membership and going in for either employment or practice. He further observed that to meet the challenges, the CS has to be updated and be continuous learner. Marthi urged the participants to follow integrity and ethics in the profession. He concluded by requesting the participants to help the Institute in organizing career awareness programmes in the colleges/schools they have studied and also to become a member of the CSBF.

CS Dr. B Ravi, Member, SIRC-ICSI advised the participants to discard the ego, to shine in career and in personal life. He insisted on to improving their presentation and listening skills.

The dignitaries present distributed the certificates to the participants. While addressing the participants, CS Ramasubramaniam C, Member, ICSI-SIRC urged them to be a constant learner and form a professional forum to share their knowledge. He also requested the participants to volunteer themselves to become the faculties of oral coaching and other training programmes.

BANGALORE CHAPTER

10th MSOP

On 3.9.2012 the Bangalore Chapter of SIRC of the ICSI organised the inaugural function of the 10th Management Skills Orientation Programme (MSOP). CS C.P. Sounderarajan, Chief Secretarial Officer, GMR Group, Bangalore was the Chief Guest who inaugurated the programme. The Chief Guest in his address advised the participants to charter their career under various available opportunities not limited to Company Law only. He emphasized on networking and diversified role of Company Secretary and advised the participants to work with great sense of commitment and strive to achieve a trustworthy position in the work place. Inputs on better Time Management associated with Good Values and Ethics was also shared with the participants giving them essential insights on professionalism.



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On 20.9.2012 at the valedictory function CS Gopalakrishna Hegde, Central Council Member, The ICSI was the Chief Guest. Suhas Vaman Dixit and Alpa Nayan Shah Participants, shared their feedback about the MSOP Programme. The Chief Guest in his address to the participants emphasized that strong formulation of ideas, focus and ability to communicate effectively leads to emerging entrepreneurs and corporate leaders. He then brought up the importance of networking and apprised on having the responsibility of paying back to the next generations of CS to come. Above all this he motivated the participants to keep smiling and count their smile often so as to measure one's successfulness. He then distributed the Best Participant award to Ananda Krishna Deshkulkarni and the prizes for the Best Project to the team comprising Deep Jyoti, Suhas Vaman Dixit and Manjusha C.R for their Project on "Raising Finance through Euro Issue".

Career Awareness Programmes

The Bangalore Chapter of SIRC of the ICSI conducted two Career Awareness Programmes during the month of September, 2012. The details are as under: On 4.9.2012 the Career Awareness Programme on Career as a Company Secretary was held at Dr. Ambedkar College, Bangalore for 11nd year PU students and on 6.9.2012 at M.S. Ramaiah College of Commerce, Bangalore for 1st year B.Com & BBM students. On the above programmes Noor Sumayya, AEO, Bangalore Chapter was the speaker. A total of 400 students attended the programme. The Speaker explained in detail the course offered by the Institute, eligibility criteria for the course, examination, requirements of training etc., the role of Company Secretary and importance of the profession of Company Secretaries in the changing economic scenario. She also highlighted the opportunities available to the profession and further enumerated the emerging areas of practice, the changing role of Company Secretaries and also focused on what would be the mindset and preparation required from a student who wanted to pursue the Company Secretaryship Course. Brochures containing brief details of the Company Secretaryship Course were distributed to the students.

COIMBATORE CHAPTER

Joint Programme on an Overview of Derivatives & Capital Market

The Chapter in quest of continuous knowledge impartation and spread among individuals the importance of investments and avenues available for investment has been organizing programmes on Investor awareness throughout the year. On 4.9.2012 on such initiative the Coimbatore Chapter together with CCGRT, Mumbai and BSE organized a seminar on Overview of Derivatives & Capital Market. Eminent speakers CA Ramesh Lakshman, CS R.Balakrishnan & Ramya, Project Coordinator, BSE, Chennai addressed the professionals from various fields. There were more than 51 participants for the programme.

Career Awareness Programmes

The Chapter as part of its Career Awareness drive aimed at educating the student community on the benefits of Corporate secretaries course organized Career Awareness Programmes at various Schools & Colleges in and around Coimbatore. The details of the same are as under: On 7.9.2012 the Career Awareness Programme was held at SES Metric HSS, Coimbatore. Shyama Vijayaraghavan, AEO, Coimbatore Chapter of SIRC of ICSI was the speaker. 85 students attended the programme. On 8.9.2012 it was held at Gopal Naidu HSS, Coimbatore. CS G. Balasubramaniam, Company Secretary, Roots Multi Clean Ltd., Coimbatore was the speaker. 70 students attended the programme. On 12.9.2012 at Hindusthan College of Arts & Science, Coimbatore. CS P.Eswaramoorthy, Vice Chairman, Coimbatore Chapter of SIRC of ICSI was the speaker. 150 students attended the programme. On the same day another Career Awareness Programme was held at Bishop Ambross College, Coimbatore. CS R.Hariram, Management Committee Member, Coimbatore Chapter was the speaker. 300 students attended the programme. On 24.9.2012 the Programme was held at Maharaja Arts & Science College, Coimbatore. Shyama Vijayaraghavan, AEO, Coimbatore Chapter of SIRC of the ICSI was the speaker and the programme was attended by 300 students. On 27.9.2012 at KSG College of Arts & Science, Coimbatore. Shyama Vijayaraghavan, AEO, Coimbatore Chapter of SIRC of ICSI was the speaker. 160 students attended the programme. On 28.9.2012 at Sree Narayana Guru College of Arts & Science, Coimbatore. Shyama Vijayaraghavan, AEO, Coimbatore Chapter was the speaker. 280 students attended the programme.

HYDERABAD CHAPTER

6th MSOP

On 10.9.2012 the Chapter inaugurated the 6th Management Skills Orientation Programme at its premises.

CS Vasudeva Rao Devaki presided over the Function. He spoke on the importance of Integrity, Ethics & Code of Conduct. He further emphasized the importance of practicing them. From thereon he assigned the task of reading the Company Secretaries Act, 1980 to all the participants. He also lectured on the "Pro-active" nature of a Company Secretary & the need to update the knowledge of Technological advancements from time to time.

CS SS. Marathi emphasized the importance of the current 15 days MSOP training to the participants and requested them to go through the "Vision 2020" document published by the Institute. He further shared his views on the requisites of a good Company Secretary.

CS C. Sudhir Babu, Council Member, The ICSI explained the democratic working & the hierarchy of the Institute and emphasized the objective of establishment of ICSI, the domain in corporate laws & super-specialization of a Company Secretary in the area of good corporate governance. He elaborated his views on the failing of Companies which is due to lack of good corporate governance. He referred the case laws of insider trading of "Rajat Gupta" and emphasized 'the 5 point theory' to be a good professional.



P. Umesh, Senior Vice President - South, Raheja QBE General Insurance Company Ltd. Chief Guest inaugurated the programme. He in his address emphasized the importance of maintaining "Confidential Information" by explaining the damage to society due to the lack of good corporate governance. He explained the concept of global village and that every company irrespective of size is now inter-related with global economy. He further recollected the case of cement cartels, Sahara Group fallout etc. in order to highlight the situation that prevails due to the non compliance of good corporate governance. Thereafter he lectured on the importance of Mergers & Acquisitions and the importance of Due Diligence in nexus with the above mentioned. He also touched on the "Class Action Suits" and other salient features of the Companies Bill 2011. Thereafter he explained the social aspect of corruption and its effects on the society. He further explained the reasons behind the Euro Zone crises along with the elaboration on the concepts of Corporate Manslaughter etc. He concluded by once again emphasizing the importance of promoting good corporate governance for better corporate health of the Country.

On 27.9.2012 at the Valedictory Session CS Sujath Bin Ali, Chapter Chairman elaborated the Chief Guest about the MSOP session and the wide area of topics covered in the MSOP session. He instructed the candidates of MSOP about the Dos & Don'ts in the professional career. He highlighted on the importance of giving back to the society from which we all derive a lot.

CS S.S. Marathi, Chairman - SIRC urged the participants of MSOP to involve more in the activities of the Institute and also to implement the things learnt in the MSOP sessions. He further urged the participants to propagate about the CS Institute at various levels of the society as it is the best way of rewarding the efforts of ICSI. He explained the need of contributing to the 'Benevolent Fund' of ICSI. He concluded by explaining the Chief Guest about the functioning & hierarchy of ICSI.

CS C. Sudhir Babu, Council Member emphasized the importance of continuous learning of the professional and informed about the further specialized courses offered by the Institute for the qualified professionals. He spoke about the "Wealth Creation & Wealth Distribution" and its impact on the society.

CS G. Jayaraman, Company Secretary, Mahindra Satyam, Guest of Honor stated that a Company Secretary can handle various roles depending upon the size of the organization & industry. He stated that a Company Secretary will have to play a multi-faceted role in the future in the area of Mergers & Acquisitions. He called the participants to up-hold the implementation of law in its letter & spirit. He reiterated the fact that a Company Secretary should be abreast with all the latest developments and he should not be confined only to drafting minutes. He stated that a Company Secretary is having many avenues to choose to make a career out of it. He mentioned that compliances are vital for a Company Secretary & he is the brand ambassador for the organization. The Company Secretary should always add value to the organization. He further shared his experiences with Satyam Inc. (Pre & Post debacle) in order to reflect the role of Company Secretary in the time of emergency. He concluded his address by emphasizing the need to have "ethics &

values" in profession.

Hari Kiran Chereddi, Executive Director, Sriam Labs Private Limited, Chief Guest talked about the expectations of the corporate world from the professionals. He spoke about the intricacies of running an organization. Also Company Secretary should be a link between CEO & CFO in order to add value to the organization. He expressed his idea of designating a Company Secretary as an "entrepreneur". He also stated that a company secretary should become the "line function" of the organization and should be the "conscience keeper" of the company. He stated that business leadership & corporate governance has become hand and glove in the current financial scenario. He spoke about the professionals respecting the delicacy of "price sensitive information". He concluded his address by expressing his view that the corporate world wants a Company Secretary to articulate business in a much more pragmatic manner. The best participant award went to Mahender and the best speaker award to P. Chaitanya, Better speaker award to Vibhanshu Goswami & Good speaker award to Alekya. The best project award on the topic "Alternative Dispute Resolution" was given to the team comprised of Vibhanshu Goswami, P. Chaitanya, Sachin S. Patil, Sambhram & Soubhagya Mahakud. CS Vasudeva Rao Devaki congratulated all the participants of 6th MSOP batch.

Discussion on **SEBI v. Sahara Case**

On 26.9.2012 the Chapter organised a Study Circle Meeting. CS Vikas Sirohiya, Practicing Company Secretary presented a discussion on Sahara v. SEBI Case. He explained the facts of the case, and then held the discussion on the arguments of Sahara as well as SEBI between the participants in the meet. A good number of members and students participated in the meet.

MADURAI CHAPTER

Career Awareness Programmes

On 15.9.2012 the Chapter organized a Career awareness programme at Tenkasi Sri Ram Nallmani Yadav College. S.Kumararajan, Chairman Madurai Chapter delivered in his address explained about the Institute, course and employment opportunities of CS course in Whole-time Practice and informed the students to join the course in view of the benefits available. Head of the Department of commerce and other lecturers also participated in the programme.

On 24.9.2012 the programme was held at Madurai Sourashtra College. S.Kumararajan, Chapter Chairman in his address explained about the institute, course and opportunities and advised the students to join the course immediately along with their regular curriculum to enjoy the benefits of CS course without loss of time simultaneously. R.K.Bapulal, Practicing Company Secretary in his address explained opportunities of CS course both in employment and in practice. He informed the students to join the course in view of the benefits available. T.Raja, Chapter Office In-charge on both



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the occasions distributed brochures and clarified the doubts of the students.

Joint Programme on Current Corporate Affairs

On 20.9.2012 the Chapter organized a programme jointly with the ICAI (Cost Accountant) Madurai Chapter and the ICAI, Madurai Branch. The programme discussed the topics Current developments, regulations on Cost audit and Maintenance of Cost Accounting Records; Practical Approach to Schedule VI (Revised) of the Companies Act, 1956. The speaker of the programme was L.Venkatesan, ACS, Chennai. S.Kumararajan, Chapter Chairman ICSI introduced the speaker and gave brief notes on the topics. The programme was very useful to all the members and students of three Institutes present.

MANGALORE CHAPTER Full Day Programme

On 22.9.2012 the Mangalore Chapter of SIRC of the ICSI conducted a full day programme at Kodialbail, Mangalore. In the First Technical Session CS Chethan Nayak K, Practising Company Secretary, Mangalore spoke on Limited Liability Partnership (LLP). He started his presentation by stating the meaning and key features of LLP. He explained the process of incorporation of an LLP, the legal framework of an LLP, the comparison between an LLP and a Company and also the comparison between an LLP and a Partnership Firm. He also explained in detail the Foreign Direct Investment in LLP and the Taxation of an LLP. The resource person then replied the queries raised by the participants.

Thereafter CS Ullas Kumar Melinamogaru, Practising Company Secretary Mangalore, began his presentation on Legal Framework of Producer Companies. The resource person started off his presentation by explaining the meaning, objects and the procedure of formation of Producer Companies. He also explained in greater detail the legal framework of a Producer Company like Membership and Voting rights, Memorandum and Articles, Powers and Functions of Board, Board Meetings and General Meetings etc. The resource person concluded his presentation by stating that the introduction of the concept of Producer Companies by the Government of India has helped the producers to corporatise themselves and has opened new avenues for them. The resource person then replied the queries raised by the participants.

Thereafter CA Muralidhar Krishna Rao, General Manager, Treasury and Account Department, The Karnataka Bank Limited talked on NPA Banker's perspective of Balance Sheet Analysis & What Professional should look out for before signing the Balance Sheet or giving Compliance Certificate. He started his presentation by explaining briefly about Non Performing Assets and how to manage them. An account of a borrower may become NPA if interest charged to that particular borrower is not realised despite

the account being fully secured. Having identified the assets as NPA, banks are required to classify them further into a) Sub standard Assets b) Doubtful Assets and c) Loss Assets. He then went on to explain the parameters that a professional should look into in a balance sheet to determine its accuracy. For e.g. If there is a change in the method of charging depreciation the professional should find out the reason behind the same and also see if the change is acceptable or not. If there is a lot of variation in the figures of the administrative expenses of the previous year and the current year a professional should find out whether the variation in the figures is justified or not. He concluded his presentation by explaining the importance of analyzing the financial statements before giving the compliance certificate. The resource person then replied the queries raised by the participants.

Thereafter CS Prasanna Patil, Assistant Company Secretary, The Karnataka Bank Ltd., commenced his presentation on the Importance of technology in CS Profession - Time and effort Saving Techniques. He discussed interesting topics like the basics of a job of a Company Secretary, Time wasters in work environment, Quick tools to save time, Important tasks and scheduling, Tools, Software Applications that can be used in CS Profession and mind Mapping. He explained in brief about the various softwares and techniques that can be used by a professional to save time. He concluded by saying that it just takes a simple observation of what our existing applications can do to save our time, efforts and money. Technology + electronic devices + software tools can work wonders provided we accept the new wave. He also successfully replied the queries raised by the participants. ■

Western India Regional Council

Seminar on Buy-back of Shares and De-listing of Shares

On 8.9.2012 the WIRC of the ICSI organized a seminar on Buy-Back of Shares and De-Listing of Shares. Chief Guest / Speakers were E. Balasubramanian, Assistant General Manager, SEBI; Shailashree Bhaskar, Ex. DGM, SEBI; Yogesh Chande, Advocate. Eighty-nine delegates attended the seminar.

Seminar on Project Finance, Loan Syndication & Private Equity

On 15.9.2012 at the Seminar on Project Finance, Loan Syndication & Private Equity Suresh Thakur Desai, Practicing Company Secretary; M.V. Phadke, Chief General Manager, Legal IDBI Bank; Sudha G. Bhushan, Associate Director; Manish Jain, Chartered Accountant were the Chief Guest/speakers. Sixty-seven delegates attended the seminar.

Seminar on XBRL & Revised Schedule VI - Redefining Financial Reporting



for Corporates (including Live Demo on XBRL)

On 18.9.2012 at the Seminar on XBRL & Revised Schedule VI - Redefining Financial Reporting for Corporates (Including Live Demo on XBRL) held at Mumbai, Chief Guest / Speakers were N.P. Sarda, Past President, ICAI; Ashok Haldia, Member, NACAS & Director, PTC Financial Services; Anand Banka, Partner, Talati & Talati Co.; Pankaj Srivastava, Director, Ministry of Corporate Affairs, Government of India; Uttam Agarwal, Past-President, ICAI; Manoj Daga, Chief Executive Officer, BDO; Sudha Ravi, Co-Chairperson, ASSOCHAM Banking Council & CEO, PHIL Finance Ltd.; Shailesh Haribhakti, Chairman, BDO India; Dr. M. Veerappa Moily, Hon'ble Minister, Ministry of Corporate Affairs & Power, D.S. Rawat, Secretary General, ASSOCHAM; Adil Mukadam & Tanuj Agarwal, BDO India; S. K Puri, Adviser, Banking, Corporate Affairs & Finance Division, ASSOCHAM. Twenty-five delegates attended the seminar.

Full Day Seminar on Secretarial Audit and Secretarial Standards

On 11.8.2012 a Full Day Seminar on Secretarial Audit and Secretarial Standards was held at Dadar (East), Mumbai. The Chief Guest was C. V. Sajeevan of Ministry of Corporate Affairs. The speakers were S. D. Israni, Advocates & Solicitors, Keyoor Bakshi, Past President, ICSI and Practicing Company Secretary and Prakash Pandya, Practicing Company Secretary. Eight two delegates attended the seminar.

Full Day Seminar on Revised Schedule VI & XBRL Concepts, Terminology & Practical Demonstration on Preparation of Instance Document

On 18.8.2012 the Regional Council organized a Full-day seminar on Revised Schedule VI & XBRL Concepts, Terminology & Practical Demonstration on Preparation of Instance Document. The Chief Guest was Vijay Sahni, FCS, Director, Webtel Electrosoft Pvt. Ltd. Ankit Varshney, Chartered Accountant was the speaker. Seventy-six delegates attended the seminar.

Study Circle Meeting on Taxation Aspects in Mergers and Acquisitions

On 12.8.2012 at the Borivali Study Circle Meeting the topic discussed was Taxation Aspects in Mergers and Acquisitions and was held at Borivali (West), Mumbai. The Chief Guests were Janak Bathiya and Jagruti Sheth, Partners - S. H. Bathiya & Associates, Chartered Accountants. Around 130 delegates attended the Meeting. The speakers enlightened the members about the terms 'Amalgamation' and 'Demerger' as defined under the IT Act and various conditions for amalgamation and demerger prescribed in the IT Act.

Study Circle Meeting on Managerial Remuneration and Appointment

On 19.8.2012 at the Bhayander Study Circle Meeting held at Bhayander (W), Dist. Thane, the topic discussed was Managerial Remuneration and Appointment. The Chief Guest was Ram Mallar, Former Executive Vice President and General Counsel of Johnson & Johnson. Seventy-nine delegates attended the meeting.

On 4.8.2012 at the Dadar Study Circle Meeting held at Mahalaxmi, Mumbai, the topic discussed was Managerial Remuneration and Appointment. Ram Mallar, Retired Executive Director, Johnson & Johnson was the Chief Guest. Sixty-three delegates attended the meeting.

Full Day Seminar on SEBI Regulations, Listing Agreement and E-Voting

On 25.8.2012 at the full-day Seminar on SEBI Regulations, Listing Agreement and E-Voting held at Regional Council Office, the Chief Guest was J. N. Gupta, Founder & Managing Director, Stakeholders Empowerment Services. Yogesh Chande, Advocate; J. J. Bhat, Advocate; Shailashree Bhaskar, Ex. DGM, SEBI and Nitin Ambore, Vice President, NSDL were the speakers. Seventy-six delegates were present at the seminar.

Kandivali Study Circle Meeting

On 5.8.2012 a Study Circle Meeting was held at Kandivali (West), Mumbai. The topics discussed were "Capital Market and Listing of SME on BSE Stock Exchange and Presentation on 'e-voting' Empowering Investors. The speaker Ashishkumar Chauhan, Interim CEO of BSE explained in detail the important features of the Capital Market and Listing of SME on BSE Stock Exchange. Anand Tirodkar and Prajakta Ghugal, Business Development, Central Depository Services (India) Limited addressed with power point presentation about the new concept of e-voting in terms of Amendment to the Equity Listing Agreement - Platform for e-voting by Shareholders of listed entities and also made online presentation and online demo of the e-voting process to the members. CS Pramod S. Shah was the programme coordinator.

Study Circle Meeting - Towards Financial Independence

On 2.9.2012 another Study Circle Meeting was held at Kandivali (West), Mumbai to discuss the topic Towards Financial Independence.

Umang Thaker and Shailesh, Corporate Relationships - Financial Planning -Edelweiss Investment Advisors Limited addressed in detail the important Features and Factors of Financial Planning with Power Point Presentation. Eighty delegates were present. Deodatta Pandit was the programme coordinator. Umang Thaker and Shailesh explained the important features and factors of Financial Planning with Power Point presentation.



News from the Institute & Regions

AHMEDABAD CHAPTER

Study Circle Meetings

On 15.9.2012 and 27.9.2012 the Ahmedabad Chapter of WIRC of the ICSI organized two Study Circle Meetings at the Chapter premises.

Kruti Jadawala, A Corporate Trainer specialized in training the professionals in Soft Skills, Life Skills and Global English conducted a workshop on "Communication" wherein she laid emphasis on 'Perfect Communication' which is the most important requirement in today's scenario. To represent any profession one needs to excel in communication as our success depends entirely on your effective communication and other people judge us on our excellence in communication skills.

Kalpeshkumar, Academic Associate in Business Policy Area, spoke on RTI (Right to Information). He briefed that the Right to Information Act, 2005 provides remedy to information needs of citizens of India, which is under the control of public authorities, it seeks to promote transparency and accountability in the working of every public authority. An Act intended to empower ordinary citizens has become another income generating instrument for lawyers who are needed to bridge the gap between citizens and their quest for information. This seminar generated awareness among the participants on Introduction, History, Philosophy, Movement of RTI, Recent Scenario and Practical Aspects of RTI. Around 53 Members attended the lecture and were granted 1PCH.

Career Awareness Programmes

On 21.9.2012 two Career Awareness Programmes were conducted at B.L. Parikh College OF B.B.A, Palanpur, by CS YM Joshi - TEFC Chairman and CS Chetan Patel - Secretary, Ahmedabad Chapter. In all 45 students of First and Third year of BBA participated in the CAP.

On 21.9.2012 the third Career Awareness Programme was conducted at RR Mehta College of Science & CL Parikh College of Commerce, at G.D. Modi Vidya Sankul, Palanpur by CS YM Joshi - TEFC Chairman and CS Chetan Patel - Secretary, Ahmedabad Chapter. In all 56 students of First year B.Com participated in the CAP. The officials of Ahmedabad Chapter conducted interactive session and guided the students to shape their career considering the profession of Company Secretary. They imparted career awareness knowledge on Company Secretary Course in the programmes.

BHOPAL CHAPTER

First Madhya Pradesh State Annual Conference

On 15 and 16.9.2012 Bhopal Chapter jointly with Western India Regional Council and Indore Chapter organized two days first State Annual Conference of Madhya Pradesh at Bhopal on "Business, Governance and Madhya Pradesh".

The Conference was inaugurated by Hon'ble Minister of Forest Sartaj Singhji, Guest of Honour A.K.Jain, Chief Commissioner of Income Tax, MP & CG and Special Guest Vishwas Sarang, MLA and President, MP Laghu Vanupaj Sangh, Nesar Ahmed, President-ICSI and Mahavir Lunawat, Chairman-WIRC of the ICSI. Amit Kumar Jain, Member-WIRC and Programme Director played the role of curtain raiser of the theme. Nesar Ahmed informed about the latest developments at the Institute's front at National and International level. Mahavir Lunawat informed that it is the first State Annual Conference of Western Region of ICSI. Dhanraj S Thakur, Chairman- Bhopal Chapter informed about the Chapter activities. The Conference was attended by more than 250 delegates comprising Member and Students of ICSI and Officials from Central and State PSUs.

Topics for the conference were on State Laws viz. Cooperative Act, Industrial Policy of MP, Stamp Act, TDS-Emerging Area for CS, SME Listing taken by the Government Officers. Speaker for various sessions were P.D.Mishra, Retired Commissioner, Cooperative, Amarjeet Khalsa, Director, IPER College, V.S.Mittal, Retd. Dy.Commissioner, Stamp, CS Mahavir Lunawat - Chairman-WIRC and Director & CEO, Sarthi Capital Market Pvt. Ltd., D.S.Choudry, Commissioner, TDS, Income Tax, MP &CG and R.S.Goswami, President, CII, WR.

At the valedictory session, D.S.Choudry, Commissioner, TDS was the Chief Guest. Piyush Bindal, Secretary informed about the success of the programme. P.K.Rai, Avadhesh Parashar, Vivek Nayak, DPS Dhaked, M M Chawla, Piyush Mathur were specially present and gave their contribution for the success of programme.

Inauguration of Renovated Premises of the Chapter

Inauguration of renovated premises of Bhopal Chapter of WIRC of the ICSI was made by Nesar Ahmed, President, the ICSI. Mahavir Lunawat, Chairman, Hitesh Buch, Vice-Chairman and Ragini Choksey, Secretary graced the occasion. On the occasion President addressed the members present and wished for more such successes at Chapter Level.

Ritesh Gupta, Indore Chapter Chairman, Y C Rao, Raipur Chapter Chairman were specially present on the occasion. Mahavir Lunawat gave special thanks to the Renovation Committee comprising Piyush Bindal, Vivek Nayak and Avadhesh Parashar, Management Committee Members of Bhopal Chapter for their untiring efforts. At the inaugural ceremony senior and other members of the Chapter were present.

INDORE CHAPTER

Study Circle Meeting on Analysis of Forms 23AC and ACA under Revised Schedule VI

On 1.10.2012 the Chapter organized a Study Circle meeting of the members on the above topic at the Chapter premises. CS D. K. Jain, Discussion leader expressed his views on Analysis of form 23AC and ACA under revised schedule VI. Twenty-seven members



attended the Study Circle Meeting. The members present discussed with faculty the recent updates.

Half Day Seminar on Cost Audit Report, Revised Schedule VI & XBRL Concepts

On 18.8.2012 the Chapter organised a half-day Seminar on Cost Audit Report, Revised Schedule VI & XBRL Concepts at Ravindra Natya Grah, Indore. The Seminar was inaugurated in presence of Chief Guest Honorable Minister Mahendra Hardia. The faculty members included R. Vikram Gupte, Mihir Turakhia, CS Ritesh Gupta, Chapter Chairman, CS Ashish Karodia, Chapter Secretary, CS Dinesh Gupta, Chapter Vice Chairman, CS Kamlesh Joshi, TEFC Chairman & Ex-Chairman, Indore Chapter, CS D K Sharma, Treasurer, Indore Chapter of ICSI, CS L N Joshi, Managing Committee Member of ICSI Indore Chapter. A good number of Members & Students of ICSI were present.

In the First Technical Session Vikram Gupte discussed "Amendment of Schedule VI". He dealt with the Background, Applicability, Non Applicability, Balance sheet Format, Structure of Revised Schedule VI, General Instructions for preparation of Balance sheet & Statement of Profit & Loss, Additional Disclosures etc.

In the Second Technical Session Mihir Turakhia discussed background of new Regime of Cost Audit, Objective of Central Government, Industry Benefits, List of Notifications, Applicability of Companies Rules, 2011, Report Format of Compliance, Summary of Cost Audit Orders. In the Annual Cultural Event a Go Green show was also presented by the Managing Committee & Staff Members on Stage with message of save plants.

PUNE CHAPTER Full-day Seminar on Supreme Court Judgement in Sahara Estate Corp Ltd. & Latest Amendments to Schedule XII

On 27.9.2012 the Pune Chapter organized a full day Seminar on the above topic at Pune. More than 90 delegates were present at the seminar.

Dr K R Chandratre, Past President, the ICSI was the eminent faculty for the seminar. The Programme received overwhelming response from the Members and other participants. The sessions were very informative and well appreciated by the gathering. Four PCH were allotted to members who attended the seminar.

11th MSOP

From 11.9.2012 to 27.9.2012 the Pune Chapter organized 11th Management Skills Orientation Programme for CS Students who cleared their Final/Professional stage of CS. Total 37 Students attended the MSOP batch. Certificates were distributed to the participants on the last day of the programme. ■

Extension of date of submission of Service Tax Returns

[Issued by the Ministry of Finance Department of Revenue Central Board of Excise & Customs vide File No. 137/99/201-Service Tax, Order No. 3/2012 dated 15.10.2012.]

In exercise of the powers conferred by sub-rule(4) of rule 7 of the Service Tax Rules, 1994, the Central Board of Excise & Customs hereby extends the date of submission of the return for the period 1st April 2012 to 30th June 2012, from 25th October, 2012 to 25th November, 2012.

The circumstances of a special nature which have given rise to this extension of time are as follows:

- ACES will start releasing the return in Form ST3 in a quarterly format, shortly before the due date of 25th October, 2012.
- This will result in all the assesses attempting to file their returns in a short time period, which may result in problems in the computer network and delay and inconvenience to the assesses.

S.M. Tata

Commissioner Service Tax



ICSI - CCGRT

Skill Development Programme on Writing Skills

On 15.9.2012 the ICSI-CCGRT, as a part of its Soft Skill Development Programmes, conducted a full day programme on Writing Skills at its premises in CBD Belapur, Navi Mumbai. The programme was particularly designed for young members and students and was well attended. The speaker was Bakul Pandya, Advocate, High Court. Writing effectively is a critical business skill that contributes to success on the job. Pandya emphasized on Hands-on-practice with easy-to-remember patterns for correct punctuation. He also gave tips for improving spelling and for usage of possessives, plurals, capitalization and numbers correctly. Highlight of the programme was the activities on essential rules for correct grammar and sentence structure. The queries of the participants were well addressed by the speakers.

Knowledge Upgrading Programme on Understanding FEMA

On 16.9.2012 the ICSI-CCGRT conducted a Knowledge Upgrading half day Programme on Understanding FEMA (Foreign Exchange Management Act) at CBD Belapur. The speaker for the programme was Arvind Salvi, Former Deputy General Manager, Reserve Bank of India. The programme was well attended. Salvi initiated the discussion by giving an overview of the Foreign Exchange Management Act, 1999 (FEMA), its evolution and the major differences between FERA and FEMA. He explained the Capital and Current account transactions and Remittances allowed and/or prohibited under FEMA. He then discussed the regulatory requirements of Foreign Direct Investments, Setting up of JV/WOS abroad, External Commercial Borrowings (ECB) under FEMA and the major compliances involved therein. Thereafter, he spoke on compounding of contraventions under FEMA as a means of resolving issues. Compounding is one of the best methods to resolve issues and hence more and more people are now resorting to it. He pointed out that the major developments in FEMA can be tracked through the Master Circulars which are issued by the RBI on the 1st of July every year. He then enumerated the recent amendments in FEMA after the issue of Master Circular this year. The programme was quite interactive and was well received by the participants.

Programme on Transfer Pricing

On 22.9.2012, the ICSI-CCGRT conducted a full day programme on Transfer Pricing at its premises in CBD Belapur, Navi Mumbai. The programme was well attended by members, students of CS Course and other professionals. The speakers for the programme were Vaishali Mane, Client Service Director-Grant Thornton India LLP, Jinesh Bhagdev, Proprietor, Jinesh R Bhagdev & Co., Chartered Accountants and Vishwanath Kane, Senior Manager-Transfer Pricing, Deloitte Haskins & Sells.

Vaishali Mane gave an overview of transfer pricing in India and its

regulatory framework. She discussed the important concepts in transfer pricing and the evolution of transfer pricing. She made the participants understand the concepts by giving case studies/practical problems and helping them solve the same. The session was very interactive.

Jinesh Bhadev deliberated on the transfer pricing methods. He explained the different methods of computing arm's length price viz. profit based methods and traditional methods by giving a comparative analysis of the same and discussed the basis of computing the arm's length price. He said that profit based methods are applicable when each of the party makes unique and valuable contribution in relation to the controlled transaction or when the transactions are highly inter-linked. He then explained the criteria for ascertaining most appropriate method. The most appropriate method is the one under which the facts and circumstances of the transaction under review provides the most reliable measure of an arm's length result. The crux of determining the most appropriate method is dependent on the nature of the transaction. He then quoted some of the case laws relating to selection of most appropriate method viz. *DCIT v. M/s Starlite* (2010-TII-28-ITAT-MUM-TP) and *Nimbus Communications Ltd v. ACIT* (2010-TII-21-ITAT-MUM-TP).

Vishwanath Kane spoke on Domestic Transfer Pricing Rules. He said that the Finance Act, 2012 has enlarged the scope of transfer pricing in domestic transactions. Domestic transfer pricing is to be applied to the transactions if its aggregate value exceeds 5 crores. The most important intent of law in specifying the domestic transfer pricing was to do away with the tax arbitrage abuse that stems from differential tax rate, tax holidays/benefits availed by undertakings and presence of accumulated losses. Domestic transfer pricing is inculcated for the entities that transfer their profits to loss making entities or entities that are under tax holidays to save tax liability. In conclusion, he gave examples to explain the various implications of transfer pricing. The queries of the participants were well addressed by the speakers.

Programme on Revised Schedule VI

On 30.9.2012 the ICSI-CCGRT organized a one day programme on Revised Schedule VI at its premises in CBD Belapur, Navi Mumbai. Participants included members, students of CS and other professionals. The speakers for the programme were Jayesh Thakur, Associate Director-Pricewaterhouse Coopers and Arvind Rao - Chief Planner, Dreamz Infinite Financial Planners.

Jayesh Thakur gave an overview of Revised Schedule VI and presented a comparison between Old and Revised Schedule VI. He also discussed the major issues in implementing the Revised Schedule VI. He gave examples of Balance Sheets of various companies and pointed out that the practices adopted by the companies were different. There is a lot of discretion in the Revised Schedule VI. He made it clear that Schedule VI has been revised with the intention of aligning it with IFRS.

Arvind Rao discussed the preparation of Balance Sheet as per Revised Schedule VI. He explained each and every item/head and their posting in the Balance Sheet. This gave the participants an understanding of how the Balance Sheet is to be prepared under Revised Schedule VI.



Prize Queries (Winners)



► JANUARY 2012

QUERY

Ram applied to a Housing Development Authority of a State for allotment of a flat. He was successful in the draw and even though he made the payment he could not get the flat because of a mistake committed by the bank through which he made the deposit for allotment. The State Housing Development Authority neither allotted a flat nor refunded the amount for a number of years after the completion of the draw for allotment. Under the circumstances can Ram successfully claim the refund of the money paid by him and compensation for the delay in the refund?

WINNERS

First Prize

Ms. Shweta Gupta, ACS
A-102, Moonlight Shopping Centre
Andheri Kurla Road, Andheri (East)
Mumbai 400 069.

Second Prize

Shri V. Ramachandran Pillai, ACS
U-306, Srinandnagar - III
Vejalpur, Ahmedabad 380051.

ANSWERS

First Prize

Ram shall be entitled to refund of money from the Housing Development Authority and compensation for delay caused in refunding the money without any mistake on his part.

Case Law: The query resembles the facts of *Narain Das Arora v. DDA & Ors.* decided on 18/01/2011. In the case the original writ petitioner-Narain Das Arora (since deceased) pursuant to an

advertisement issued by the respondent- DDA, published in Hindustan Times, Delhi applied for allotment of a two bed room flat under the Housing Scheme and deposited the application form along with the bank draft of Rs. 50,000 with the UTI Bank. The result was published in 'Hindustan Times', Delhi in which the application form number of the original writ petitioner was reflected and the petitioner was declared successful. When he contacted the competent authorities of the DDA, he found that against his application a wrong name had been shown.

It was contended before the writ court that despite being successful, the name against the application form was incorrectly mentioned and therefore he was entitled to get benefit of allotment. That apart it was also urged that the initially deposited amount had not been refunded. In this backdrop prayers were made for issue of command to allot a flat and also to grant compensation for the inaction of the respondents. The single judge rejected the petition on the ground that the names of both the applicants were added in the draw of lots and the petitioner was not found successful. The appellant appealed to the Division bench.

The learned single judge partly allowed the appeal. Regard was given to the inconvenience caused and taking note of the fact that Rs. 50,000 has been held by DDA for the period of more than five years it was held to grant Rs. 1,00,000 as compensation to the appellant apart from the amount that has been deposited. While fixing the said sum the court took note of the inconvenience caused to the original petitioner and the present appellants, the apathy of the respondents which compelled the appellants to be dragged into a litigation of this nature, the expense occurred in litigation, the retention of the amount and above all the inaction on the part of the authorities of the respondent.

Conclusion: Applying the ratio of the above judicial rulings of the court to the facts of the given query, it can safely be concluded that Ram can successfully claim the refund of the money paid by him and compensation for delay of refund.

Second Prize

The present query can be answered in the light of the decision in the intra-court appeal filed by the legal heirs of Narain Das Arora (since deceased) against the decision of the Single Judge in the High Court of Delhi in *Narain Das Arora v. DDA & Ors.*[DEL] LPA.No. 169/2010 reported in CS Journal vide LW 17.02.2011 [Decided on 18/01/2011]. The case shows that inaction by a statutory authority, specifically in a case of the nature as covered in the said case is inconceivable, and therefore such inaction can be called into question under Article 226 of the Constitution of India.

Facts of the case: Narain Das Arora (since deceased) pursuant to an advertisement issued by the respondent DDA dated 6th June, 2004 published in "Hindustan Times", Delhi, applied for allotment of a two bed room flat under the Housing Scheme-2004 vide application form No. 096652 on 30th June, 2004 and on 3rd July, 2004, he deposited the application form No. 096652 along with the bank draft



of Rs.50,000/- with the UTI Bank. The computerized draw held by the DDA was published in "Hindustan Times" Delhi, on 13th August, 2004 in which the application form number of the Narain Das Arora (since deceased) was reflected and he was declared successful. When he contacted the competent authorities of the DDA, he found that against his application a wrong name had been shown. It was contended before the writ Court that despite being successful, the name against the application form was incorrectly mentioned and, therefore, was entitled to get benefit of allotment. It was also urged that the initially deposited amount had not been refunded. In this backdrop prayers were made for issue of command to allot a flat and also to grant compensation for the inaction of the respondents.

The stand put forth by the late Narain Das Arora was combated by the DDA on the ground that at the stage of scrutiny of the application forms it was noticed that the two forms were received by the bank, one form bearing No. 096652 that was received from the said late Narain Das Arora and another application form from one Mr. Amar Deep Singh. It was put forth that while accepting the forms, the bar allotted identical number to both the forms. The application form number of the petitioner was 096652 and the application form number of Mr. Amar Deep Singh was 96652. The system department of the DDA reported the error which crept in on the mistake committed by the bank. It was contended by the respondent-DDA that such, a situation had arisen in the past as well and in order to solve the problem prior to processing, as per the practice adopted by the DDA, a digit 7 is added to one of the application form number and thereafter check list was generated. It was submitted that pre-fix "7" was added by the computer itself against the application of the writ petitioner as per the software and the form numbers could not be manually changed. To put it differentially, various justifications were given to highlight that the writ petitioner could not have gained any kind of advantage because of inadvertent acknowledgement of an identical number.

The single judge held the view that he was satisfied that the name of the petitioner appeared in the list of the successful applicants by mistake and that except for the inconvenience which may have been caused to the petitioner, he found no infirmity in the steps taken by DDA as the name of both the applicants were added in the draw of lots and the petitioner was not found successful and thus rejected the petition. The legal heirs of the deceased petitioner appealed to the Division Bench of the High Court.

Reason: The Division Bench dealt with assignment of the Random Number to the petitioner and other applicants, the steps taken by the DDA in the lucky draw and the reasons for the automatic exclusion by the computerized system of the DDA of the lucky random serial number of the petitioner, and held that they are not in a position to accept the submission that the predecessor-in-interest of the present appellants was entitled to a flat on the basis of the draw. Going further, the Division Bench said that apart from the inconvenience, the *lis* in hand projected a scenario which cannot be ignored or its impact on a common man cannot be marginalized. The original writ petitioner had deposited a sum of Rs.50,000/- in the bank on 3rd July, 2004. There is no dispute that the DDA had a tie

up with the UTI Bank as DDA had chosen the said bank. Whether fault lies with the bank or with the DDA is totally inconsequential. What is required to be determined is whether there has been refund of the amount and further by virtue of inconvenience caused, the original writ petitioner suffered and thereafter his widow and other legal heirs have also suffered loss, agony, languish and the inconvenience and whether they would be entitled to any compensation. Citing the letters written by the late Narain Das Arora to DDA as evident from the material brought on record, the Division Bench said that late Narain Das Arora entered into correspondence at the earliest but no action was shown. Inaction by a statutory authority specifically in a case of this nature is inconceivable. The mistake with regard to allotment may be a genuine one but definitely non-refund of the amount, cannot be regarded as a sanguine act. There is total indifference. The letters were not replied. It is absolute impassivity and reflection of attitude of non concern by the authorities who are required to act in quite promptitude being argus-eyed. The alertness or vigil is entirely absent. It would come within the realm of total inaction when statutory authorities are required to act with sensitivity and not deal with the citizens who are aspirant to get some accommodation may be with the process of lottery and retain their registration amount for such a long period.

Decision: Allowing the appeal in part, the Division Bench, while regard being had to the inconvenience caused and taking note of the fact that Rs.50,000/- has been withheld by the DDA for a period of more than five years, granted compensation of Rs.1 lac apart from the amount that has been deposited. The amount shall be paid by way of bank draft drawn on a nationalized bank within a period of four weeks. The draft shall be sent in the name of the wife viz. Smt. Raj Kumari Arora and the same shall satisfy the claim of the legal representatives.

Conclusion: In the light of the above decision given, in the present query Ram can successfully claim the refund of the money paid by him and compensation for the delay in the refund.

▶ FEBRUARY 2012

QUERY

A Financial institution made a loan to a company on the basis of a subscription agreement. The said agreement provided for the allotment of Non-convertible debentures by the company to the financial institution. The company neither allotted the Non-convertible debentures nor created any security for the repayment of the loan, in favour of the financial institution. The company went into winding up. The Financial institution approached the DRT and obtained a decree for the repayment of the amount and claimed before the official liquidator that it is a secured creditor. Is the claim of the Financial Institution correct in law?



Prize Queries (Winners)

WINNERS

First Prize

K. Appa Rao, ACS

9, II Floor

Above Central Bank of India

J.K. Centre, Seethamma Peta Main Road

Visakhapatnam 530016.

Second Prize

Ms. Amita Verma, ACS

Practising Company Secretary

1040, Sector 3

HUDA Colony, Faridabad.

ANSWERS

First Prize

If the charges are not filed within the time limit prescribed under section 125 of the Companies Act, 1956 (the Act), petition may be filed before the Company Law Board (CLB) under section 141 of the Act for condonation of delay in filing the charges and for rectification of register of charges. However, as held in *Resinoid & Mica Products Ltd.'s case*, (1982) 3 ALL ER 677, time should not be extended for registering a charge after the company had gone into liquidation, because such a step would prejudicially affect the rights of all parties which are determined on commencement of winding up.

From the case law *Industrial Credit & Investment Corporation of India Ltd. v. Official Liquidator, Usha Automobil Engineering Co. Ltd. (in Liquidation)* (2000) 100 Comp Cas 150, it is seen that mere acceptance by a company of the terms and conditions of a loan agreement, does not amount to 'charge' and thus such a lender cannot be a secured creditor. But, in terms of section 125(2) of the Act, such lender can receive repayment of the money as an unsecured creditor.

The case law: In the above background, a case having the facts similar to the given query came up for consideration in Appeal No. CO. A. (SB) 47/2006 before the Delhi High Court in *Industrial Development Bank of India v. Thapar Agro Mills Ltd. (in liquidation)* decided on 17/03/2011 and reported in Chartered Secretary - April 2011 issue vide LW 039.04.2011.

Facts: The appellant had advanced loan of Rs.200 lacs to the company vide Subscription Agreement dated 04/08/1992. As per the said agreement, the company was to allot Non-Convertible Debentures (in short "NCDs") after complying with the SEBI Guidelines and other pre-requisites like appointment of trustees, creation of security etc. However, despite various reminders company neither issued NCDs to the appellant nor paid interest or other charges in accordance with the agreement. The company also failed to create security as required. Consequently, the appellant

filed an application under Section 19 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 for recovery of Rs.2,96,22,963.00 along with *pendente lite* and future interest and costs of litigation. The DRT passed a decree dated 15/07/2003 in favour of the financial institution. However Official Liquidator of the company vide order dated 06/05/2005 rejected the appellant's claim as secured creditor on the ground that the appellant's charge was not registered under Section 125 of the Companies Act, 1956. Then the matter came in appeal before the Delhi High Court.

Decision & reasons: The Delhi High Court placed reliance of the judgements of the Supreme Court in *Textile Labour Association & Anr. v. Official Liquidator and Anr.* (2004) 9 SCC 741 and UCO Bank case [(1994) 5 SCC 1 and held as follows. No charge was ever created in favour of the appellant by the company in liquidation and no charge was registered with the Registrar of Companies under Section 125 of the Companies Act, 1956. Mere money decree passed by a Court of law does not entitle an unsecured creditor to be treated as a secured creditor. To claim the status of a secured creditor, either the charge is to be created by the parties or the charge has to be created by operation of law or by decree of the Court. In the present case neither a charge was created by the company in liquidation nor by operation of any law or by the decree of the DRT. The DRT did not declare petitioner to be a secured creditor. Merely because the appellant is in possession of a decree for 'recovery of due amount', it does not mean that appellant becomes a secured creditor. In fact, every decree holder is entitled to seek sale of assets of the defendant, in the event the decree is not satisfied. But, if such decree is accepted as a security, then every sundry/unsecured creditor after obtaining a decree from the Civil Court would have to be treated as a secured creditor - which is untenable in law.

Conclusion: From the above, it can be concluded that the claim of the Financial Institution in the query, is not correct in law.

Second Prize

Section 125 of the Companies Act, 1956 defines, (1) Subject to the provisions of this Part, every charge created on or after the 1st day of April, 1914, by a company and being a charge to which this section applies shall, so far as any security on the company's property or undertaking is conferred thereby, be void against the liquidator and any creditor of the company, unless the prescribed particulars of the charge, together with the instrument, if any, by which the charge is created or evidenced, or a copy thereof verified in the prescribed manner, are filed with the registrar for registration in the manner required by this Act within 30 days after the date of its creation:

Provided that the Registrar may allow the particulars and instrument or copy as aforesaid to be filed within thirty days next following the expiry of the said period of thirty days on payment of such additional fee not exceeding ten times the amount of fee specified in Schedule X as the Registrar may determine, if the company satisfies the Registrar that it had sufficient cause for not filing the particulars, and



instrument or copy within that period.

(2) Nothing in sub-section (1) shall prejudice any contract or obligation for the repayment of the money secured by the charge.

As per the description, No decree can create a charge on the assets of the Company unless it is registered under Section 125 of the Companies Act, 1956, and not consider as secured creditor.

As per Section 460 (6) in the Companies Act, 1956, any person aggrieved by any act or decision of the liquidator may apply to the Court; and the Court may confirm, reverse or modify the act or decision complained of, and make such further order as it thinks just in the circumstances.

A case identical to this came before the *Industrial Development Bank of India v. Thapar Agro Mills Ltd.* Facts of the case are briefed as follows:

IDBI had advanced loan of Rs. 200 lacs to the company in liquidation (M/s. Thapar Agro Mills Ltd.) vide Subscription Agreement in August, 1992. As per the agreement, the company in liquidation was to allot Non-Convertible Debentures (NCDs) after complying with the SEBI guidelines and other prerequisites like appointment of trustees, creation of security etc. However, in spite of various reminders by financial institute, the company in liquidation neither issued NCDs to the appellant nor paid interest or other charges in accordance with the agreement. The company also failed to create security as required. Consequently, the appellant filed an application under Section 19 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 for recovery of Rs.2,96,22,963.00 along with *pendente lite* and future interest and costs of litigation. IDBI submitted that charge had been created in favour of the appellant by virtue of the decree passed by the DRT, Chandigarh read with Section 100 of the Transfer of Property Act, 1882.

However, the Official Liquidator vide order dated 06th May, 2005 rejected the appellant's claim as secured creditor on the ground that no charge was ever created in favour of the appellant by the company in liquidation as no charge was registered with the Registrar of Companies under Section 125 of the Companies Act, 1956. A mere money decree passed by a Court of law does not entitle an unsecured creditor to be treated as a secured creditor. In the present query, neither a charge was created by the company in liquidation nor by operation of any law or by the decree of the DRT. The order of the DRT, Chandigarh amply proves that no NCD was ever issued and hence no charge/security was created by the company. The DRT did not declare petitioner to be a secured creditor. In fact, every decree holder is entitled to seek sale of assets of the company in liquidation, in the event the decree is not satisfied. High Court is of the view that if appellant's submissions were to be accepted, then every sundry/unsecured creditor after obtaining a decree from the Civil Court would have to be treated as a secured creditor-which is untenable in law. Consequently, as there is no charge in favour of the appellant, the appellant cannot be considered as a secured creditor.

In light of the foregoing discussions and facts, The High Court

concluded that present appeal being bereft of merits is dismissed but with no orders as to costs.

► MAY 2012

QUERY

A registered partnership consisting of five partners issued a cheque to Mr. Rahim which was dishonoured. Consequently Mr. Rahim complained against the firm and three of its partners including the partner who signed the cheque on behalf of the partnership. Later on Mr. Rahim in respect of the complaint already lodged by him desired to add two of the remaining partners under section 319 of the Code of Criminal Procedure, 1973. Can Mr. Rahim do so?

WINNER

First Prize

K. Appa Rao, ACS

9, II Floor

Above Central Bank of India

J.K. Centre, Seethamma Peta Main Road

Visakhapatnam 530016

Second Prize

None eligible

ANSWER

First Prize

Section 319(1) of the Cr.P.C. provides that where, in the course of any inquiry into, or trial of, an offence, it appears from the evidence that any person not being the accused has committed any offence for which such person could be tried together with the accused the Court may proceed against such person for the offence which he appears to have committed.

The law in case of offence by companies is such that if the person committing an offence under section 138 of the Negotiable Instruments Act (for short, NI Act) is a company, every person who, at the time the offence was committed, was 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. (Note: Company means any corporate and includes a firm or other association of individuals. And, Director in relation of firm means a partner in the firm.) As such, every partner of a firm is not automatically vicariously liable for the offence committed by the firm, only such partners who were in charge of and responsible to the firm for the conduct of the business of the firm at the material time shall be deemed to be guilty. There must be a specific averment in the complaint that at the time the offence was



Prize Queries (Winners)

committed, the person accused was in charge of and responsible for the conduct of the business of the company.

Relevant case: The *factum probans* and *causa* of the given query are identical to the case *Sarojben Ashwinkumar Shah and Ors. v. State of Gujarat & Anr.* ILC-2011-SC-CRL-Aug. (refer LW 98.09.2011 in Chartered Secretary - Sept 11). In this case M/s. Rashmi Builders (for short, A-1) is a registered partnership firm. Ashwinkumar Tribhovandas Shah (for short, A-2) and Chandravadan Gopaldas Thakkar (for short A-3) are some of its partners. In discharge of its liability in respect of certain borrowing from the complainant, A-1 through its A-2 issued a cheque for Rs.5 lakhs. The complainant presented the said cheque with his Banker, but, the same was dishonoured with the remark "account closed". The complainant filed a complaint alleging that the accused committed offence under Section 138 of the N.I. Act. The Judicial Magistrate of First Class (for short, JMFC) took cognizance of the complaint against the three accused, i.e. A-1, A-2 and A-3. Later, the complainant averred that A-2 and A-3 submitted copy of the registration of the A-1 wherein the proposed A-4 and A-5 are shown as the partners of the firm and made an application under Section 319 of the Cr.P.C for adding other two partners as A-4 and A-5 respectively. The JMFC directed for adding A-4 and A-5. The Gujarat High Court refused to interfere with the orders of the JMFC. Then, allowing the appeal, referring to its decisions in *Joginder Singh & Anr. v. State of Punjab & Anr.* (1979) 1 SCC 345, *Municipal Corporation of Delhi v. Ram Kishan Rohtagi & Others*, (1983) 1 SCC 1, *Michael Machado & Anr. v. Central Bureau of Investigation & Anr.* (2000) 3 SCC 262 and *Shashikant Singh v. Tarkeshwar Singh & Anr.* (2002) 5 SCC 738, the Supreme Court laid down certain principles as to the procedure to be followed while applying Section 319 of the Cr.P.C, and held that filing of copy of registration of the firm by Accused Nos. 2 and 3 would not be covered by expressions 'in the course of any inquiry into or trial of, an offence' occurring in Section 319 of the Cr.P.C and such document could not be treated as an evidence to show that the appellant (newly added accused) has committed an offence of cheating under Section 420 of IPC. As regards the criminal liability of a partner in the firm, in the light of the provisions contained in Section 141 of the N.I. Act, there has to be evidence that at the time the offence was committed, the partner was in-charge of and was responsible to the firm for the conduct of the business of the firm. Thus the Apex Court set aside the orders of the JMFC and of the High Court.

Conclusion: Applying the ratio of the above legal position to the facts of the given query, it can be concluded that Mr. Rahim in respect of the complaint already lodged by him, cannot add the remaining partners of the firm under section 319 of the Cr.P.C.

Second Prize:
None Eligible.

▶ JUNE 2012

QUERY

Immovable property belonging to a private limited company was sold by it through the medium of execution of a general power of attorney in favour of the purchaser thereof. Is the sale valid?

WINNERS

First Prize

Shri V. Ramachandran Pillai, ACS
U-306, Srinandnagar - III
Vejalpur, Ahmedabad 380051.

Second Prize

Ms. Sonam Sharma, ACS
Sainik Vihar
Near Rani Bagh
Delhi 110034.

ANSWERS

First Prize

In the modern world where commerce and industry have large and long roles to play, the need for entering into contracts of agreements in relation to business and other transactions have become a common and necessary feature of daily life. According to 'Section: 1A' of "Power of Attorney Act, 1882", 'Power Of Attorney' includes "any instruments empowering a specified person to act for and in the name of the person executing it". In *State of Rajasthan v. Basant Nehata* 2005 (12) SCC 77, the Supreme Court held: "A grant of power of attorney is essentially governed by Chapter X of the Contract Act. By reason a deed of power of attorney, an agent is formally appointed to act for the principal in one transaction or a series of transactions or to manage the affairs of principal generally conferring necessary authority upon another person. A deed of power of attorney is executed by the principal in favour of the agent." The agent derives a right to use his name and all acts, deeds and things done by him and subject to the limitations contained in the said deed, the same shall be read as if done by the donor. A power of attorney is, as is well known, a document of convenience. An attorney holder may however execute a deed of conveyance in exercise of the power granted under the power of attorney and convey title on behalf of the grantor.

In *Suraj Lamp & Industries Pvt Ltd v. State of Haryana & Anr* [SC] SLP (C) No. 13917 of 2009 [Decided on 11/10/2011] where the issue involved before the SC was whether sale of immovable property under a general power of attorney (power of attorney sale) is valid and transfers title to attorney holder? The facts of the case are - the petitioner, a public limited company based in Haryana, had bought land through a power of attorney. The owner subsequently tried to transfer the same property by another power of attorney



deed. This led to the institution of criminal proceedings and an application to the government under the Right to Information Act. In order to formulate rules to curb misuse of the power of attorney mode in the sale of immovable property, the Supreme Court had summoned, among others, the Chief Secretaries and Revenue Secretaries of Delhi, Haryana, Punjab and Uttar Pradesh to provide their views and suggestions on the case before the court. The Court referred to its earlier order dated 15.5.2009 [reported in *Suraj Lamp & Industries Pvt. Ltd. v. State of Haryana & Anr.* 2009 (7) SCC 363], in which the SC had referred to the ill-effects of what is known as General Power of Attorney Sales (for short 'GPA Sales') or Sale Agreement/General Power of Attorney/Will transfers (for short "SA/GPA/WILL" transfers).

In those backgrounds, the Supreme Court examined the validity and legality of SA/GPA/WILL transactions. The Court heard learned *Amicus Curiae* and noted the views of the Government of NCT of Delhi, Government of Haryana, Government of Punjab and Government of Uttar Pradesh who have filed their submissions in the form of affidavits. The Supreme Court observed that it has become common practice to effect transfers of immovable property by way of either general power of attorney (GPA) sales or sale agreement, GPA or will transfers in order to evade, among other things, the payment of duties, taxes and other fees payable on transfer and registration (e.g. stamp duty or registration fees). While referring to sections 53A and 54 of the Transfer of Property Act, 1882 and its decisions in *Narandas Karsondas v. S.A. Kamtam and Anr.* [1976] INSC 315; (1977) 3 SCC 247, and *Rambhau Namdeo Gajre v. Narayan Bapuji Dhotra* [2004 (8) SCC 614], the Supreme Court further observed that a transfer of immovable property by way of sale can be effected only by a deed of conveyance. In the absence of a deed of conveyance (which must be duly stamped and registered as required by law), no right, title or interest in immovable property can be transferred. The court further dealt with the importance of registering documents that record transactions of sale or transfer and the need for all states to take steps to curb malpractice, thereby reducing the circulation of unaccounted wealth (or 'black money') in society. Going further, the Supreme Court reiterated that any contract of sale (agreement to sell) which is not a registered deed of conveyance (deed of sale) would fall short of the requirements of sections 54 and 55 of TP Act and will not confer any title nor transfer any interest in an immovable property (except to the limit right granted under section 53A of TP Act). A power of attorney is not an instrument of transfer in regard to any right, title or interest in an immovable property, it is only creation of an agency whereby the grantor authorizes the grantee to do the acts specified therein, on behalf of grantor, which when executed will be binding on the grantor as if done by him. It is revocable or terminable at any time unless it is made irrevocable in a manner known to law. The Court held that these kinds of transactions (GPA Sales) were evolved to avoid prohibitions/conditions regarding certain transfers, to avoid payment of stamp duty and registration charges on deeds of conveyance, to avoid payment of capital gains on transfers, to invest unaccounted money and to avoid payment of unearned increases due to Development Authorities on transfer. Therefore, a

SA/GPA/WILL transaction does not convey any title nor create any interest in an immovable property and that immovable property can be legally and lawfully transferred/conveyed only by a registered deed of conveyance. Transactions of the nature of GPA sales or SA/GPA/WILL transfers do not convey any title and do not amount to transfer, nor can they be recognized as valid mode of transfer of immovable property. The Supreme Court further held that immovable property can be legally and lawfully transferred/conveyed only by registered deed of conveyance. Although it held that such transactions are illegal and cannot be recognised as valid under law, the Supreme Court further sought to distinguish these illegal transactions from genuine transactions entered into by parties in good faith.

In light of the above discussions and case laws, the sale of immovable property belonging to private limited company through the medium of execution of a general power of attorney in favour of the purchaser thereof as covered in the present query cannot be a legally and lawfully valid transaction unless the sale is effected through legally and lawfully transferred/conveyance by a registered deed of conveyance.

Second Prize

"Sales" under Section 54 of the TP Act is: "Transfer of ownership in exchange for a price paid or promised or part paid and part-promised." As per the provisions of Section 17 of the Registration Act, 1908, any document, other than the testamentary instrument, which purports or operates to create, declare, assign, limit or extinguish whether in present or future "any right, title, or interest" whether vested or contingent of a value of Rs. 100 and upwards to or in immovable Property, requires to be registered under the provisions of law.

General Power of Attorney (GPA): A general power of attorney authorizes the appointee with several rights and very broad powers, to execute any legal act on behalf of the appointer. This type of a Power of Attorney provides a list of activities that the appointer wants the appointee to perform on his behalf. It is revocable at the behest of the appointer and "a Power of Attorney is not an instrument of transfer in regard to any right, title or interest in an immovable property". (Re: *Suraj Lamp Industries Case*). As per the decision of Supreme Court in *Suraj Lamp Industries Pvt. Ltd v. State of Haryana and Anr.* (2011), "Immovable property can be lawfully transferred/conveyed only by a registered deed and the courts will not treat any sale executed by GPA as they do not convey title and not amount to transfer".

Conclusion: Hence, based on the above and in view of the decision of Supreme Court in *Suraj Lamps*, sales made through PoA does not convey any title nor create any interest in an immovable property, and therefore the sale of immovable property effected through GPA by the Pvt. Ltd Co. is not recognized and will be held bad in law. ■

COMPANY SECRETARIES EXAMINATIONS

DECEMBER, 2012



FOUNDATION PROGRAMME EXAMINATION (NEW SYLLABUS) UNDER OPTICAL MARK READER (OMR) SCHEME

Time-Table & Programme

Date and Days	Morning Session (10.00 A.M. to 12.00 Noon)	After-noon Session (2.00 P.M. to 4.00 P.M.)
1.12.2012 Saturday	Business Environment and Entrepreneurship	Business Management, Ethics and Communication
2.12.2012 Sunday	Business Economics	Fundamentals of Accounting and Auditing

Time-Table & Programme

Date and Day	MORNING SESSION (9:00 AM TO 12:00 NOON)		AFTERNOON SESSION (1:30 PM TO 4:30 PM)
	FOUNDATION PROGRAMME (OLD SYLLABUS)	PROFESSIONAL PROGRAMME	EXECUTIVE PROGRAMME
26/12/2012 Wednesday	English and Business Communication	Company Secretarial Practice (MODULE-I)	General and Commercial Laws (MODULE-I)
27/12/2012 Thursday	Economics and Statistics	Drafting, Appearances and Pleadings (MODULE-I)	Company Accounts, Cost and Management Accounting (MODULE-I)
28/12/2012 Friday	Financial Accounting	Financial, Treasury and Forex Management (MODULE-II)	Tax Laws (MODULE-I)
29/12/2012 Saturday	Elements of Business Laws and Management	Corporate Restructuring and Insolvency (MODULE-II)	Company Law (MODULE-II)
30/12/2012 Sunday		Strategic Management, Alliances and International Trade (MODULE-III)	Economic and Labour Laws (MODULE-II)
31/12/2012 Monday		Advanced Tax Laws and Practice (MODULE-III)	Securities Laws and Compliances (MODULE-II)
1/1/2013 Tuesday		Due Diligence and Corporate Compliance Management (MODULE-IV)	
2/1/2013 Wednesday		Governance, Business Ethics and Sustainability (MODULE-IV)	

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 9868128682

Email Ids member@icsi.edu / acs@icsi.edu

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Name

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(First Name)

(Middle Name)

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Date of birth

Phone: Office: Residence:

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- After Logging in the member has to click on the link 'Request for CSBF Membership'.
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- The member has to fill up the form complete in all respects.
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FOR FURTHER DETAILS PLEASE VISIT : www.icsi.edu/csbf



Our Members

CONGRATULATIONS

Shri Amit Kr. Sen, FCS

Director, East India Pharmaceutical Works Ltd. on his election as President of the Bengal National Chamber of Commerce & Industry for the year 2012-2013.

Dr. Bhagwan Jagwani, FCS

Associate Professor (Finance & Taxation), Dr. Gaur Hari Singhania Institute of Management & Research, Kanpur on his being conferred the Ph.D. degree in Commerce by CSJM University, Kanpur for his thesis on Impact of FDI on Indian Corporate.

Shri Pramod S. Shah, FCS

Practising Company Secretary on his election to the Governing Council/Executive Committee for the year 2012-13 of 1) Maharashtra Chamber of Commerce 2) Council of Fair Business Practice 3) Indian Institute of Public Administration (Maharashtra Wing) 4) Indian Merchants Chamber (Navi Mumbai Branch) and 5) Indo American Society.

C S Q U I Z

Prize query

A listed investment company A sold considerable part of its investment in another company B to a company C in which two of its directors are directors. The purpose of this disinvestment is to acquire controlling interest in company D abroad in respect of which investment notice has been given to the stock exchange by company A. Does this investment also call for a notice by company A to the stock exchange under insider trading regulations?

Conditions

- 1] Answers should not exceed one typed page in double space.
- 2] Last date for receipt of answer is 8th 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.
- 4] The envelope should be superscribed '**Prize Query November, 2012 Issue**' and addressed by name to :

N. K. Jain, Editor

The Institute of Company Secretaries of India, 'ICSI House', 22, Institutional Area, Lodi Road, New Delhi-110003.

READERS' WRITE

The erstwhile **POINTS OF VIEW** column of Chartered Secretary has been re-captioned as **READERS' WRITE**. Members are invited to send in their queries and views for consideration for publication in this column for soliciting views/comments from other members of the Institute.

SPECIAL ISSUE OF CHARTERED SECRETARY

It is proposed to bring out December 2012 issue of Chartered Secretary as a special issue on **Corporate Restructuring and Insolvency**. Members and others having expertise on the aforesaid subject are welcome to contribute articles for consideration by the Editorial Advisory Board for publication in the said special issue.

The articles may kindly be forwarded to:

The Deputy Director (Publications), **The ICSI**, 22, Institutional Area, Lodi Road, New Delhi 110003.

E-Mail: ak.sil@icsi.edu

copy to ks.gopalakrishnan@icsi.edu.

OBITUARY

"Chartered Secretary" deeply regrets to record the sad demise of

Shri Pritesh R. Shah, ACS

(13.11.1971-07.10.2012) an Associate Member of the Institute from Mumbai.

May the almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the Departed Soul rest in peace.

KIND ATTENTION MEMBERS!

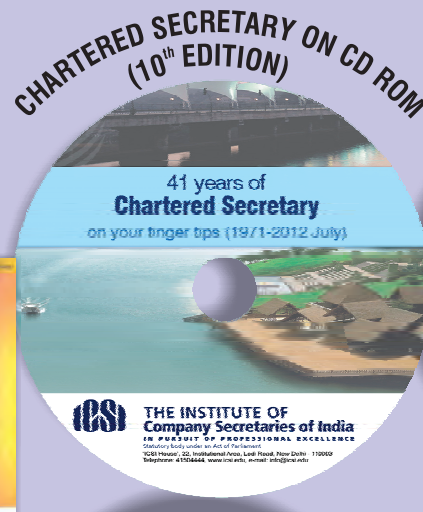
On the advise of the Editorial Advisory Board of Chartered Secretary, it has been decided to commence a new column by the name Company Secretaries' Diary wherein concerns of company secretaries with hands on experience as company secretary/practising company secretary will be featured. Members having such experience may narrate the same through this column.

All such narratives/write-ups/articles be forwarded to the Editor, Chartered Secretary for consideration by the Board for publication in the journal.

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