FROM THE CHAIRMAN

Dear Professional Colleagues,

The month of February 2014 has been very eventful with number of programmes organized on various topics. All these programmes had an overwhelming response and I thank all the delegates for having shown interest for professional updation of knowledge.

One of the most momentous occasions for the Members of the Southern Region has been the election of CS R Sridharan as the President of The ICSI. All of us have been eagerly looking forward to a Member from the Southern Region especially in Chennai to occupy this prestigious office and it has taken nine long years for this to happen. On behalf of The ICSI-SIRC, I congratulate CS R Sridharan and look forward to his continuous support for the activities of the ICSI-SIRC. I am also delighted that CS Vikas Knare has been elected as the Vice-President of The ICSI. The ICSI-SIRC organized an interaction meeting with the President, Vice-President, Secretary and Chief Executive, The ICSI on 20th February 2014. The Members had a very good interaction on professional matters and on the future vision of The ICSI.

The activities for the months of March & April are tentatively scheduled and the same are appearing elsewhere in the eNewsletter. The most important programme being organized is a three day workshop on the Companies Act, where a galaxy of professionals are expected to address the Members. This programme will enable the Members gain a thorough knowledge of the Companies Act, 2013. I request the Members to make use of this programme and enroll well in advance to avoid last minute dis-appointment.

We have received information from the HQ that some Members have not paid their Annual Membership fee. I request you to inform your friends who have stayed away from paying the fees due to the reasons beyond control and to impress upon them to restore their Membership.

Still a very large number of Company Secretaries are to become the Members of the Company Secretaries Benevolent Fund, I appeal to Members who have not enrolled to kindly pay Rs.7500/-, a one-time payment towards the CSBF and become life members and extend the benevolence to your brothers in times of sorrow.

With warm regards

Yours Sincerely

CS Dr. Baiju Ramachandran
chairman.sirc@icsi.edu
bajuramachandran@gmail.com
New President and Vice President of the Institute of Company Secretaries of India (ICSI) for 2014

CS Sridharan R
President

CS Vikas Y Khare
Vice-President

CONTENTS

<table>
<thead>
<tr>
<th>Page No.</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chairman’s page</td>
</tr>
<tr>
<td>2</td>
<td>Index</td>
</tr>
</tbody>
</table>
| 3        | Forthcoming Events
          | [March & April 2014] |
| 4        | SIRC Activity Report |
| 21       | ROC’s Column |
|          | Articles |
| 22       | Board of Directors – Companies Act 2013
          | [Author: CS. G. Bala] |
| 27       | Service Tax Updates – CS K K Rao |
| 28       | Registration of Charges made in Companies Act 2013
          | [Author: CS. Sankara Subramanian K] |
| 33       | SEBI (Procedure for Search & Seizure) Regulations 2013
          | [Author: CS.P. Sriram] |
| 39       | A Brief Analysis of Chapter XV & XVI Companies Act 2013
          | [Author: CS.R. Rajesh] |
| 41       | Announcements for Members & Students |

2
<table>
<thead>
<tr>
<th>S.No</th>
<th>Date</th>
<th>Paid/ Free</th>
<th>Timing</th>
<th>Programme</th>
<th>Topic</th>
<th>Chief Guest/ Speaker</th>
<th>Venue</th>
<th>PCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01.03.2014</td>
<td>Free</td>
<td>5.30 pm</td>
<td>Study Circle Meeting</td>
<td>Compliance &amp; Issues under Legal Metrology Act</td>
<td>CS Nirmala Prabha K Company Secretary ROCO Bathroom Products Pvt. Limited, Chennai.</td>
<td>The ICSI-SIRC Chennai</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>3, 4 &amp; 5</td>
<td>Paid Rs.200</td>
<td>5.30pm To 7.30 pm</td>
<td>Group Reading of the Companies Act, 2013</td>
<td>Chapter No IX Accounts of Companies; &amp; Chapter No.X Audit &amp; Auditors.</td>
<td>--</td>
<td>The ICSI-SIRC Chennai</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>4.3.2014</td>
<td>Paid Rs.300</td>
<td>3.00 pm To 5 pm</td>
<td>Seminar</td>
<td>Understanding and Complying with The Competition Act, 2002</td>
<td>Shri G.R. Bhalla Partner, Luthra &amp; Luthra Law Offices New Delhi (Former Addl. Director General, CCI/MRTTP Commission Govt. of India)</td>
<td>The ICSI-SIRC Chennai</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>07.03.2014</td>
<td>Free</td>
<td>5.30pm</td>
<td>Meet the Regulator Programme</td>
<td>Interaction with SEBI Southern Regional Head on Recent Developments in Secondary Market</td>
<td>Mr. Suresh B Menon Regional Manager Securities Exchange Board of India, Chennai.</td>
<td>The ICSI-SIRC Chennai</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>08.03.2014</td>
<td>Paid Rs.500</td>
<td>10am</td>
<td>Women’s Day Celebrations</td>
<td>Special Seminar on: Compliance under the Sexual Harassment of Women at Workplace (Prevention, Prohibition &amp;Redressal) Act, 2013 and Women Director under the Companies Act, 2013</td>
<td>Chief Guest Hon'ble Mrs. Justice Chitra Venkataraman Hon’ble Judge Madras High Court, Chennai CS Venkatatkrishnan S VP- Legal &amp; Secretarial ESAB India Ltd</td>
<td>The ICSI-SIRC Chennai</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>10,11 &amp; 12</td>
<td>Paid Rs.200</td>
<td>5.30pm To 7.30 pm</td>
<td>Group Reading of the Companies Act, 2013</td>
<td>Chapter No.IV Share capital and Debentures</td>
<td>--</td>
<td>The ICSI-SIRC Chennai</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>14.03.2014</td>
<td>Free</td>
<td>5.30pm</td>
<td>Joint Programme with US Consulate Chennai</td>
<td>Doing Business and Profession in USA &amp; VISA formalities for Indian Professionals</td>
<td>Ms. Jennifer A. McIntyre Consulat General, American Consulate, Chennai Mr. James Goosen, Principal Commercial Officer, US Commercial Services, American Consulate, Chennai, etc.</td>
<td>The ICSI-SIRC Chennai</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>17, 18 &amp; 19</td>
<td>Paid Rs.200</td>
<td>5.30pm To 7.30 pm</td>
<td>Group Reading of the Companies Act, 2013</td>
<td>Chapter No.II Incorporation of Companies</td>
<td>--</td>
<td>The ICSI-SIRC Chennai</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>20.03.2014</td>
<td>Paid Rs.500</td>
<td>10.00 am To 5.00 pm</td>
<td>ICSI-ICRA Joint Chain Programme</td>
<td>Capital Market, Corporate Governance and Credit Rating</td>
<td>Mr Ravichandran Senior Vice President, ICRA and Mr Leander Manager, ICRA</td>
<td>The ICSI-SIRC Chennai</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>21, 22 &amp; 23</td>
<td>Paid On or before 12.03.2014: Rs.5000 After 12.03.2014: Rs.6000</td>
<td>10am to 5pm</td>
<td>Three Day Workshop on the Companies Act, 2013</td>
<td>Provision relating to Board of Directors CS.J Sundaresan Practising Company Secretary, Bangalore Secretarial Audit &amp; Secretarial Standards CS Kopyak Bakshi (Past President, The ICSI) and Practising Company Secretary, Mumbai Accounts &amp; Audit and Accounting Standards CA. K Srignya (Member, ICSI-SIRC) and Practising Chartered Accountant, Chennai Enhanced Disclosures and Compliances</td>
<td>Hotel Radha Regent 171, Jawahar Lal Nehru Salai Arumbakkam Chennai 600106 (Near Koyambedu Mofussil Bus Stand)</td>
<td>The CSI-SIRC Chennai</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>29 &amp; 30</td>
<td>Paid</td>
<td>10am</td>
<td>Residential Seminar Jointly with Mysore Chapter</td>
<td>Emerging Laws: Aspirations, Opportunities &amp; Challenges…</td>
<td>Under Finalization Mysore</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>6th April</td>
<td>Paid</td>
<td>10 am to 6 pm</td>
<td>One Day Seminar</td>
<td>NATIONAL COMPANY LAW TRIBUNAL</td>
<td>Under Finalization Hotel Savera</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>7th April</td>
<td>Free</td>
<td>5.30 pm</td>
<td>Special Programme</td>
<td>World Health Day Stress Management</td>
<td>Dr. Manu Pradeesh Consultant The Medical Park, Chennai</td>
<td>ICSI-SIRC HOUSE, Chennai</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>11th April</td>
<td>Free</td>
<td>5.30 p.m.</td>
<td>Study Circle Meeting</td>
<td>Corporate Finance &amp; Investment Banking</td>
<td>CS K V Srinivasan Director, Subhai Financial Services Private Ltd, Chennai</td>
<td>ICSI-SIRC HOUSE, Chennai</td>
<td>1</td>
</tr>
</tbody>
</table>
Study Circle Meeting on 'Beyond Professional Responsibility...' – 1st February 2014:

CA G Subramanian, Social Activist was the speaker for the Study circle meeting. CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC welcomed the members and introduced the speaker. In his address, the Chairman requested the members to look beyond the professional responsibilities and contribute towards the society.

In his appealing speech, Shri Subramanian emphasized the members that the professionals should try to give back something to the society in whichever way possible. Shri Subramanian observed that there is a difference between sympathy and empathy and hence sympathy should not be mixed with empathy. The speaker opined that the status is a double edged weapon and it should be made useful to the society. The speaker observed that many diseases are spreading at an alarming rate, hence the corporates and professionals should put effort to spread awareness on various diseases. The speaker also appealed to the members to donate blood and organisms. The speaker advised the members to maintain the work life balance and lead a stress free life. The speaker informed that he had donated blood 81 times. He concluded by appealing to members to be humane to fellow humans.

The meeting concluded with the formal vote of thanks by CS Ramasubramaniam C, Secretary, ICSI – SIRC

Valedictory session of the 18th Management Skills Orientation Programme – 07th February 2014:

Shri R Venkata Subramanyam, President & Chief Operating Officer, Kumaran Systems Private Limited, Chennai delivered the valedictory address. Earlier Ms. Sarah Arokiaswamy, Joint Director, ICSI – SIRO welcomed the dignitaries and participants. In his address, CS Dr. B Ravi, Member, ICSI – SIRC advised the participants to update themselves with various laws pertaining to the profession. He also advised them to be the member of CSBF.

In his address, Shri Venkata Subramanyam advised the participants to be continuous learners. He also opined that, a CS should not only focus on the corporate social responsibility, but should also practice individual social responsibility. He observed that India is yet to progress more in the right direction and it will be possible only if the professionals contribute more to the growth of the corporates in which they are employed, by following good ethics.

The participants gave their feedback about the programme. The certificates were distributed to them. The valedictory session concluded with the formal vote of thanks by CS Ramasubramaniam C, Secretary, ICSI – SIRC.

Group Reading of the Companies Act 2013 – Topic: Appointment and Qualification of Directors – 10th to 12th February 2014:

With the objective of reading the provisions of the Companies Act 2013 in groups, which would help the group to jointly discover whether a particular provision is status quo from the Companies Act, 1956 or has undergone a change from the Present Act, the ICSI – SIRC organized the 01st Group Reading Programme from 10th to 12th February 2014. The topic was 'Appointment and Qualification of Directors'. CS Eshwar S, Company Secretary in Practice led the group reading. The members discussed on Appointment of Additional, Alternate Director and Director in casual vacancy, Right of person other than retiring Director to stand for election and regarding the number of Directorships. The programme was well appreciated by the members. The members actively participated in the group reading and exchanged their view on the appointment and qualification of directors.
Live Session on Union Budget 2014 – 17th February 2014:

The live session on Union Budget 2014 was jointly organized by the ICSI – SIRC and FICCI Tamilnadu State Council at ICSI – SIRC House, Chennai

In his welcome address, CS Dr. Baiju Ramachandran, Chairman, ICSI-SIRC thanked the FICCI Tamilnadu State Council for jointly organizing this programme. He observed that the market participants will try to understand the tax proposals, which will determine the size of market. Shri M Rafeeque Ahmed, Chairman, FICCI Tamil Nadu State Council observed that we cannot expect much from interim budget. He said that Fiscal Deficit of 4.6% have been achieved this year against Fiscal Deficit projected at 4.1% of GDP in 2014-15. He opined that the manufacturing sector will create more jobs.

Shri. M. R. Sivaraman, IAS., (Retd.), Former Revenue Secretary, Government of India said that this is an interim budget which will be valid for 3 to 4 months as we will get the final budget by June or July 2014 and hence it is not fair to expect major announcements. He also mentioned that the Finance Minister highlighted the achievements of the government for the last 10 years and it is to be noted that there has been substantial progress in the food grains, pulses, oil seeds and even sugarcane. The optimum level though 400 million tons the present level is 260 million tons which is commendable. He said that there has been good improvement in the power sector also though could have been better with better coordination and cooperation from the state governments which will be a task for the New Prime Minister.

He felt that the Fiscal deficit contained at 4.1% but no mention was made about the components which contributed to this. Inflation he said at 8 percent was high compared to other countries along with High interest rates as compared to other countries.

He mentioned that the government had cut the planned expenditure by Rs 79,000 crores and how the Nirbaya fund gets additional Rs. 1,000 crores in this budget. He said that reduction in excise duty from cap goods from 12% to 10%. This will be more effective for corporates in cap goods saving on expenditure but will be more effective for the economy if those cash savings are used for purchase of capital goods.

Shri S. Rajaratnam, IRS, (Retired.), Senior Advocate & Eminent Tax Management Consultant, Former Member IT Appellate Tribunal & Popular Columnist said that service tax exemption for rice and paddy conversion was given but he mentioned that he was disappointed with the total ignorance towards black money controlling, GST, Direct tax code and mention about coordination with state governments before taking major policy decisions.

Shri J Chandramouli, Convenor, Finance & Taxation Panel, FICCI Tamilnadu State Council mentioned that we cannot expect much from the interim budget nevertheless we need adequate reforms to bolster the economy. He also proposed the vote of thanks.
Meet the Regulator Programme: “Role & Responsibilities of Professionals under the Food Safety and Standards Act” – 19th February 2014:

The ICSI – SIRC is organizing the ‘Meet the Regulator Programmes’ under which the officials of various departments are invited to address the members. A meet the regulator programme was organized on 19th February 2014. Dr. G Srinivasan, Deputy Director, Food Safety and Standards Authority of India, Southern Region, Chennai addressed the members on “Role & Responsibilities of Professionals under the Food Safety and Standards Act”.

CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC welcomed the members and introduced the speaker. In his address, the Chairman briefed the members in nutshell about the act.

In his address, Dr. G Srinivasan highlighted the significant provisions of the FSSAI Act. He explained the members that change in the food habits, food handling processes, changing products, processes, etc and globalization of trade in food were the reasons for concerns about food safety. Dr. G Srinivasan narrated the role of Government in food safety and the requirement of regulations in food supply chain. The various legal actions that can be taken against the food adulteration were also explained by him. He also threw light on the role and responsibilities of professionals under the act.

The members actively interacted with the speaker. The meeting concluded with the formal vote of thanks by CS Ramasubramaniam C, Secretary, ICSI – SIRC.

Interaction with the Regional Director, Southern Region, MCA and the Registrar of Companies, Tamilnadu, Chennai: 19th February 2014:

To provide a platform to interact with the regulators, the ICSI – SIRC organized an interaction meeting of members with Shri B K Bansal, Regional Director, Southern Region, Ministry of Corporate Affairs, Chennai and Dr. M Manuneethi Cholan, Registrar of Companies, Tamilnadu, Chennai.

Earlier CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC welcomed the dignitaries and members. The Chairman highlighted the importance of these type of interaction meetings and requested the members to make best use of the meetings. CS Dr. B Ravi introduced the Regional Director and the Registrar of Companies to the members.

The Registrar of companies, in his address, complemented that the Company Secretaries are maintaining the high dignity of the profession and also observed that more opportunities are open to the members in the Companies Act 2013. He requested the members to offer suggestions to improve the services of the Office of the ROC, Chennai. Shri B K Bansal, Regional Director, MCA and also a member of the ICSI explained the members on the various initiatives taken by the Ministry. He spoke on the Corporate Governance and the Corporate Social Responsibility, where the role of CS is very vital.

The members actively interacted with the Regional Director and the meeting concluded with the formal vote of thanks by CS Ramasubramaniam C, Secretary, ICSI – SIRC.
**02nd Group Reading Programme – 17th to 19th February 2014:**

The first Group Reading Programme was well received and appreciated by the members. The second group reading programme of the ICSI – SIRC was organized by the ICSI – SIRC form 17th to 19th February 2014. The programme was on the chapter 12 of the Companies Act 2013, 'Meetings of the Board'. CS Dhanapal S, Company Secretary in Practice, Chennai led the programme. The members discussed on the circular resolution, loans to directors and the related party transactions also.

**03rd Group Reading Programme – 24th to 26th February 2014:**

The third group reading programme was organized by the ICSI – SIRC from 24th to 26th February 2014 on the Chapter 7 on 'Management and Administration'. CS Sridharan A M, Company secretary in Practice, Chennai led the programme on the first day and the next two days was led by CS Eshwar S, Company Secretary in Practice, Chennai. CS Sridharan A M, Company Secretary in Practice and CS Eshwar S, Company Secretary in Practice led the group reading in a diligent manner and all the members actively participated in the programme.

**Central Excise Day Celebrations – Half Day Seminar on 'Statutory Compliances under Central Excise Laws' – 24th February 2014:**

As a part of the Central Excise Day Celebrations, the ICSI – SIRC organized a Half Day Seminar on 'Statutory Compliances under Central Excise Laws on 24th February 2014. Smt. R Shakuntala, IRS, Chief Commissioner of Central Excise, Central Board of Excise, Customs & Service Tax, Ministry of Finance, Government of India inaugurated the seminar.

Earlier, CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC welcomed the dignitaries and members. The Chairman highlighted the opportunities available to the members in areas of indirect taxes. Ms. Sarah Arokiaswamy, Joint Director, ICSI – SIRO introduced the Chief Guest to the members. In her inaugural address, the Chief Commissioner complemented the ICSI – SIRC for celebrating the Central Excise Day. She observed that Central Excise Law is complex and complicated, but an important tax law. She added that the MODVAT [Modified Value Added Tax] was replaced by CENVAT [Central Value Added Tax] with effect from 01st April 2000. While commenting that the globalization has benefited the Indian economy, she observed that tax regulations over the years have been the source of income to the government. The Service Tax, over a period of time has also become important. She added that the Central Excise officers are given the responsibilities to collect duties and the tax administration is the hallmark of the department.

Shri V P Manavalan, Chartered Accountant, Chennai was the speaker for the seminar on 'Statutory Compliance under Central Excise'. CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC introduced the speaker to the members. The speaker presented an elaborate presentation on the central excise with case studies. Shri Manavalan acquainted everybody on the registration under the central excise, exemptions from registration and the registration certificate. He also listed the documents required and the records to be maintained for central excise registration. Shri Manavalan explained the members about the monthly / quarterly / annual excise returns under Rule 12[1] of Central Excise Rules.

The meeting concluded with the formal vote of thanks by CS Ramasubramaniam, Secretary, ICSI – SIRC.
Joint Conference on Companies Act 2013 – 22nd February 2014:


Shri M Rafeeqe Ahmed, Chairman, FICCI Tamilnadu State Council welcomed the dignitaries and delegates. Shri G Balakrishnan, Chairman, Corporate Affairs Committee, Hindustan Chamber of Commerce introduced the theme of the conference. In his address he mentioned that the Companies Act 2013 is contemporaneous and is based on ‘trust, but verify approach’. Shri Hasmukhlal D Vora, President, Hindustan Chamber of Commerce introduced all the dignitaries to the delegates.

Shri B K Bansal, Regional Director, Southern Region, Ministry of Corporate Affairs, Government of India, in his inaugural address highlighted the efforts taken by the MCA in bringing the act. Shri Bansal pointed out the important provisions in the act relating the CSR, One Person Company and independent directors and asked all the three organizers to represent to the MCA with suggestions on the act. The Regional Director concluded his speech by concluding that the Companies Act 2013 is a combination of old and new wine in a new bottle.

Shri R Thyagarajan, Founder, Shriram Group, Chennai was the Chief Guest at the inaugural session. He lauded the efforts of the organizers in organizing the seminar at the right time. Shri Thyagarajan made a brief comparison between the old and new Companies Act. He advised that the professionals should be updated with the changing provisions so as to serve the employers and clients in an efficient manner.

CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC in his keynote address opined the Act places India on part with the corporate laws of the rest of the globe. Dr. Baiju explained that the Parliament's nod is also reflective of the collective national conscience to trust CS both in employment and in practice to become the custodians of good governance in the companies they engage with.

Shri P Murari, IAS [Retd.], Adviser to President, FICCI, summed up the speeches of the dignitaries of the inaugural session and gave his concluding remarks. The inaugural session concluded with the formal vote of thanks by Shri J Chandramouli, Convenor, Finance & Taxation Panel, FICCI Tamilnadu State Council.

The first technical session was addressed by CS K Sethuraman, Group Company Secretary & Chief Compliance Officer, Reliance Group, Mumbai on the topic, ‘Accounts & Audits and Party Related Transactions’. Shri Sethuraman explained that NFRA [National Financial Reporting Authority] has been formed in the Companies Act 2013 to monitor the Accounting Professionals. He explained that appointment of internal auditor has been mandatory under the act under section 138. He also focused on the appointment, removal, resignation, powers and duties of the auditors under the Companies Act 2013. Shri Sethuraman explained the Related Party Transactions.
Shri G M Ramamurthy, Former Executive Director, IDBI spoke on ‘KMP Including Independent Directors, Inter Corporate Loans & CSR’ in the second technical session. Shri Ramamurthy explained the term KMP, requirement for appointment of KMP, procedure and remuneration of KMP and the rights, duties and functions of KMP. The speaker explained that “Independent Director” means an independent director referred to in section 149 (5) of the Act and the selection and appointment of independent director and his term of office. Shri Ramamurthy mentioned the applicability of the provisions relating to Inter-corporate Loans and Investments.

The third technical session was handled by Shri P H Arvindh Pandian, Additional Advocate General of Tamilnadu on the topic 'Mergers and Amalgamations'. Shri Arvindh Pandian explained the Clauses 230 to 240 of the Companies Act 2013 which proves for provisions in respect of compromise, arrangements and amalgamations. He added that the application can be made by the Company or any of its creditors or members of the Company or in case a company is being wound up, by the liquidator.

Shri Arvindh Pandian explained the delegates on the disclosures prescribed under Section 230 (2) (a) on an application being made, disclosures if there is Corporate Debt Restructuring Scheme and Notice for meeting under section 230 (3) and notice to Statutory Authorities – 230 (5) and Rule 15.4. He further explained in detail the Section 232 of the Companies Act, 2013 which facilitates a scheme of reconstruction of the company or companies involving merger or amalgamation.

Shri Sanjay Mehta, Head – Corporate, Surana&Surana International Attorneys was the speaker for the fourth technical session on the topic 'NFRI, NCLT, Minorities Rights and Class Action Suits'. Shri Mehta explained that the class action lawsuit is filed on behalf of a group of people who have been in some way injured by the actions of a company. He explained the various reliefs available and the penalties imposed under the suit.

The conference concluded with the formal vote of thanks by Shri J Chandramouli, Convenor, Finance & Taxation Panel, FICCI Tamilnadu State Council.

**Report on President of The ICSI's Press Meet – 20th February 2014:**

CS Sridharan R, President of the ICSI addressed the press meet. CS Vikas Y.Khare, Vice President, The ICSI, CS M S Sahoo, Secretary, The ICSI and CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC were also present at the meet.

In his address, Shri Sridharan explained the media on the Companies Act 2013, complete switchover to online registration from 01st January 2014, computer based examination for foundation programme with effect from June 2014 and introduction of open book examination in elective subjects of the professional programme from June 2014. The President also informed that, a major e – initiative of the Institute is the uploading of 'ICSI Primer on Companies Act 2013' on 'Youtube' Channel, which covers most of the chapters covered in the Companies Act 2013. Shri Sridharan also highlighted the other initiatives of the Institute.
CS Vikas Y.Khare, Vice President of the ICSI addressed media on the multifaceted role and responsibilities of a Company Secretary in employment and the areas of practice available to the Company Secretaries in Practice, Secretarial Audit and Corporate Social Responsibility. In his address to the media, CS M S Sahoo spoke on the recognition of CS as a Key Managerial Personnel along with the Chief Executive Officer, Managing Director, Whole-time Director and Chief Financial Officer under section 203 of the Companies Act 2013.

The President replied all the questions asked by the press representatives.

A total of 15 media attended the press meet. The Doordarshan, Sun TV, Raj TV and Win TV recorded the press meet of the President and telecasted in their respective channels. The meeting concluded with the formal vote of thanks by CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC.

Report on President of the ICSI's meet with Head of the Department of Colleges – 20th February 2014:

CS Sridharan R, President of the ICSI addressed at the meeting with the Head of the Department of Colleges. CS Vikas Y.Khare, Vice President, The ICSI, CS M S Sahoo, Secretary, The ICSI and CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC were also present at the meet.

In his address, the President apprised the faculty members about the Institute and CS course and the role of Company Secretary in employment and in practice. The President also highlighted the important provisions of the Companies Act 2013. The President requested the faculty members to be associated with the ICSI by registering themselves as faculty for oral coaching classes of the Institute and becoming question paper setters and examiners for the examinations of the ICSI.

CS Vikas Y.Khare, Vice President of the Institute spoke on the various initiatives of the institute pertaining to the course. The Vice President requested the faculty members to highlight about the CS course to their students. CS M S Sahoo, Secretary, The ICSI explained in brief about initiatives of the ICSI in promoting the CS course. The Secretary also apprised them about open book examinations, e – library and the recent tie-ups and MOU's with other Institutes and associations.

CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC, in his address requested the faculty members to organize career awareness programmes about the CS course in their colleges. The faculty members actively interacted with the dignitaries. The meeting concluded with the formal vote of thanks by Chairman, ICSI – SIRC.

President, The ICSI's interaction with members – 20th February 2014:

CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC welcomed the President, The ICSI, CS Vikas Y Khare, Vice President, The ICSI, CS Atul Mehta, Council Member, The ICSI, CS M S Sahoo, Secretary, The ICSI and CS Sutanu Sinha, Chief Executive, The ICSI. CS Ramasubramaniam C, Secretary, ICSI – SIRC was also present on the occasion.

CS R Ravi, Past President, The ICSI, CS K Chandrasekaran, Past Chairman, ICSI – SIRC, CS Amarnadh, PCS, CS S Ananthanarayanan, PCS and CS Dr. B Ravi, Member, ICSI – SIRC felicitated the President.
In his address, CS M S Sahoo, Secretary, The ICSI spoke on the changing landscape of the profession of company secretaries under the Companies Act 2013 and on the need to adapt to the changing environment. Machines could be programmed to do the mechanical work being done by Company Secretaries he observed. CS Vikas Y Khare, Vice President, The ICSI, and CS Sutanu Sinha, Chief Executive, The ICSI also spoke on the occasion. In his address and interaction with the members, CS Sridharan R, President, The ICSI highlighted the growing role and responsibilities of CS. He also highlighted the initiatives of the ICSI. The interaction meeting concluded with the formal vote of thanks by CS Ramasubramaniam C, Secretary, ICSI – SIRC.

One Day Seminar on 'Practical Aspects of Companies Act 2013' – 20\textsuperscript{th} February 2014:

The ICSI – SIRC organized a one day seminar on the 'Practical aspects of Companies Act 2013'. CS Sridharan R, President, The ICSI inaugurated the seminar. Earlier CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC welcomed the President, ICSI, other dignitaries and the members. CS Ramasamy K, Member, ICSI – SIRC introduced the President, The ICSI and the Secretary, The ICSI to the members.

CS M S Sahoo, Secretary, ICSI, in his address, emphasized the members to be updated with the changing laws. He advised the members to ensure compliance with the secretarial standards. The Companies Act 2013 has opened more opportunities, but equally more responsibilities also, he added. In his inaugural address, CS Sridharan R, President, The ICSI, elaborated the members on the initiatives taken by the ICSI in development of the Profession and students. The President spoke on the opportunities for CS in the Companies Act 2013. He advised the members to be continuously updated to provide valuable services to the employers / clients and to follow good ethics in the profession. The inaugural session concluded with the formal vote of thanks by CS Ramasubramaniam C, Secretary, ICSI – SIRC.

In the first session, CS Sriraman Parthasarathy, Partner, Deloitte Haskins & Sells, Chennai addressed the members on 'Accounting & Auditing under the Companies Act 2013 – New Perspective & Approach'. CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC introduced the speaker to the members. Shri Sriraman explained the members on the books of accounts [Section 128], Financial Statements [Section 129], Director's Responsibility Statement [Section 134] and National Financial Reporting Authority [NFRA] [Section 132]. Shri Sriraman observed that the Companies Act 2013 has enhanced the role of CFO and entrusted greater responsibilities and spoke elaborately on the Audit and Auditors. The session concluded with the formal vote of thanks CS Ramasubramaniam, Secretary, ICSI – SIRC.

CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC introduced CS Atul Mehta, Council Member, The ICSI and Partner, Mehta & Mehta, Company Secretaries, Mumbai to the members. CS Atul Mehta spoke on 'Enhanced Disclosures, Signing and Certification of Annual Return'. He observed that the requirement for enhanced disclosures in prospectus has been in incorporated in the Companies Act 2013 and explained the provisions relating to the signing and certification under the Companies Act 2013. CS Ramasubramaniam C, Secretary, ICSI – SIRC proposed the vote of thanks for the session.
The third session was addressed by CS Narayan Shankar, Senior Vice President & Company Secretary, Mahindra Group of Companies, Mumbai. CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC introduced him to the delegates. CS Narayan Shankar addressed the members on Loans & Investments, Related Party Transactions, Matters pertaining to Directors, Managerial Remuneration, Disclosure of Interests, Register of Contracts etc. of the Companies Act 2013. The Seminar concluded with the formal vote of thanks by CS Ramasubramaniam C, Secretary, ICSI – SIRC.

**Report on President, ICSI’s meet with the Students of ICSI – 20th February 2014:**

CS Sridharan R, President of the ICSI addressed the students of CS course at ICSI – SIRC House, Chennai. CS Vikas Y.Khare, Vice President, The ICSI, CS M S Sahoo, Secretary, The ICSI and CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC were also present at the meet. Earlier, Ms. Sarah Arokiaswamy, Joint Director, ICSI – SIRO welcomed the dignitaries and introduced them to the students.

CS M S Sahoo, Secretary, The ICSI spoke on the open book examinations and e – library and advised them to improve their analytical skills. He urged the students to take up discussing case studies in groups so that the combined knowledge of all of them will add to their analytical skills while dealing with the problem.

CS Vikas Y.Khare, Vice President of the ICSI highlighted the services offered to the students and asked them to make best use of the facilities of the Institute. He also observed that, today, the students are more interested in passing the exam rather than acquiring knowledge. The Vice President remarked that students should analyze the problems and offer solutions.

In his address to the students, CS Sridharan R, President of the ICSI, highlighted the changes in the syllabus of the CS course. He advised the students to make best use of the services of the ICSI to complete the course at the earliest. The President advised the students to take up the fifteen months training seriously and try to learn from the company or PCS under whom they undergo training. He invites suggestions from the students which could improve their knowledge for completing the course.

CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC explained the students about the various initiatives taken by the ICSI – SIRC for the benefit of students. The students actively interacted with the dignitaries and the meeting concluded with the formal vote of thanks by CS Dr. Baiju Ramachandran, Chairman, ICSI – SIRC.

**Investor Awareness Programmes organized by the ICSI – SIRC during February, 2014:**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of the Institution</th>
<th>Date</th>
<th>Resource Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Queen Mary’s College, Chennai</td>
<td>03.02.2014</td>
<td>Shri A R Vasudevan Regional Manager Central Depository Services Limited, Chennai</td>
</tr>
<tr>
<td>2</td>
<td>School of Management Studies Saveetha Engineering College Thandalam, Chennai</td>
<td>06.02.2014</td>
<td>Shri A R Vasudevan Regional Manager Central Depository Services Limited, Chennai</td>
</tr>
<tr>
<td>3</td>
<td>Vivekananda College of Arts &amp; Science for Women Thiruchengode</td>
<td>08.02.2014</td>
<td>Shri Ravi G Vice President &amp; Head – Sales Ambalal Shares &amp; Stocks Pvt. Ltd., Vellore</td>
</tr>
<tr>
<td>4</td>
<td>Government Arts &amp; Science College [Autonomous], Karur</td>
<td>18.02.2014</td>
<td>Dr. T K Sridhar Cost Accountant, Trichy</td>
</tr>
<tr>
<td>5</td>
<td>Annai College of Arts &amp; Science Karur</td>
<td>18.02.2014</td>
<td>Dr. T K Sridhar Cost Accountant, Trichy</td>
</tr>
<tr>
<td>6</td>
<td>Department of Business Administration Idhaya College for Women Kumbakonam</td>
<td>24.02.2014</td>
<td>Shri A R Vasudevan Regional Manager Central Depository Services Limited, Chennai</td>
</tr>
<tr>
<td>7</td>
<td>Department of Commerce &amp; Management Studies, Sastra University Kumbakonam</td>
<td>24.02.2014</td>
<td>Shri A R Vasudevan Regional Manager Central Depository Services Limited, Chennai</td>
</tr>
</tbody>
</table>
Career Awareness Programmes organized by the ICSI – SIRC during the month of February 2014:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of the college / institution</th>
<th>List of the official / members, conducted the Career Awareness Programme</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Department of Management Studies, Saveetha Engineering College, Thandalam, Chennai–602105</td>
<td>Dr.V.Balaji AEO, ICSI – SIRO</td>
<td>06th February 2014</td>
</tr>
<tr>
<td>3.</td>
<td>Department of Commerce Vivekanandha College of Arts &amp; Sciences for Women, Thiruchengodu.</td>
<td>Dr.V.Balaji AEO, ICSI – SIRO</td>
<td>08th February 2014</td>
</tr>
<tr>
<td>4.</td>
<td>Department of Corporate Secretaryship, GSS Jain College for Women, Vepery, Chennai – 600 007</td>
<td>Dr.V.Balaji AEO, ICSI – SIRO</td>
<td>14th February 2014</td>
</tr>
<tr>
<td>5.</td>
<td>PG &amp; Research Department of Commerce, Peniyar EVR College, Trichy – 620 023</td>
<td>Dr.V.Balaji AEO, ICSI – SIRO</td>
<td>17th February 2014</td>
</tr>
<tr>
<td>8.</td>
<td>Department of Commerce Annai Women's College Punnamchatram, Karur–639 136</td>
<td>Dr.V.Balaji AEO, ICSI – SIRO</td>
<td>18th February 2014</td>
</tr>
<tr>
<td>9.</td>
<td>Department of Business Administration, Idhaya College for Women, Kumbakonam</td>
<td>Dr.V.Balaji AEO, ICSI – SIRO</td>
<td>24th February 2014</td>
</tr>
<tr>
<td>10.</td>
<td>Department of Commerce &amp; Management Studies, SASTRA University, Kumbakonam</td>
<td>Dr.V.Balaji AEO, ICSI – SIRO</td>
<td>24th February 2014</td>
</tr>
</tbody>
</table>
STUDY CIRCLE MEETING ON “AN INTRODUCTION TO INTERNAL AND EXTERNAL FRAUDS AND ITS DETERRENCE” HELD 24TH JANUARY 2014 at 6:30 PM

The Bangalore Chapter of the ICSI organised a Study Circle Meeting on “An introduction to Internal and External Frauds and its Deterrence” on 24th January 2014 at the Chapter Premises.

Mr. GURUPRASAD V, Controller of Finance, Spraying Systems (India) Pvt. Ltd., Bangalore was the speaker.

CS S C Sharada, Chairperson, Bangalore Chapter of the ICSI delivered the welcome address and introduced the speaker.

The speaker in his presentation stated that the intense financial pressures during economic crises in India and across the globe have lead to an increase number of fraud incidents. The new Companies Act 2013 (Act) also casts wider responsibility on the Board of Directors, Company Secretaries, Chartered Accountants and Cost Accountants to report the incidents of Frauds to the Central Government under various provisions contained in the Act.

He then emphasised on the various types of Internal & External Frauds and How to Deter the Frauds. He also explained in detail the Financial Statements Fraud. The meeting was very well attended by 68 Members.

CS Haribabu Thota, Secretary, Bangalore Chapter of the ICSI proposed the vote of thanks.

ITECH LAW 2014 INTERNATIONAL INDIA CONFERENCE HELD ON 30TH & 31ST JANUARY 2014 AT HOTEL RITZ CARLTON, BANGALORE

The Bangalore Chapter of the ICSI participated as a supporting organisation in the ITECH LAW 2014 International India Conference held on 30th & 31st January 2014 at Hotel Ritz Carlton, Bangalore.

The ITechLaw India Conference was one of the largest Annual Lawyers Conference in India. This Conference was attended by senior legal professionals (both in-house and practitioners) from India and across the world. Attendees included a cross-section of Lawyers, Corporate/In-House Counsel and Legal Heads, Technology Entrepreneurs, Cyber Law and Forensic teams, Finance Heads, ICT Professionals, Judges and others from around the world. The members of ICSI also participated in the event as speakers and delegates.

The conference focused on the latest regulatory, commercial and technology law issues being faced by emerging and growth industries in India, Asia as well as the U.S. and Europe. Several other rewarding sub-programs included the In-House Counsel Meeting, I-WIN Women Lawyers’ Meet, Traveling Fellowship Award, a Cyber Space Camp and a series of Substantive Law Committee Meetings.

HALF DAY SEMINAR JOINTLY HELD WITH BCIC ON ‘RAISING CAPITAL’ FROM VENTURE CAPITAL/PRIVATE EQUITY FUNDS ON WEDNESDAY FEBRUARY 5, 2014 AT HOTEL TAJ WEST END, BANGALORE

The Bangalore Chapter of the ICSI jointly with Bangalore Chamber of Industry and Commerce (BCIC) organised a half day seminar on “Raising Capital from Venture Capital/Private Equity Funds”.

The Seminar was moderated by Mr. Raja Kumar, Chairman, Banking & Private Equity Expert Committee, BCIC and Founder & MD, Ascent Capital and with Keynote addressed by Mr. H V Harish, President- BCIC and Partner-India Leadership Team, Grant Thornton India LLP.

Overview & Objective of Seminar:

Whether we are running a start-up or a business with fat revenues, fresh infusion of funds is always welcome to expedite organic or horizontal growth in a company. However, each entrepreneur faces the following questions before the fund raising exercise:

What type of financing is best for the business? How do I get my company ready for an external round of fund-raising? What should be the valuation expectation? What kind of external investor partner should I target? What would be the role of the external investor in my company? What are my obligations to the incoming investor? Do I need an Investment Banker for arranging the funding? What value-add the incoming investor bring in?
The Seminar was organized to address these issues effectively and thereby familiarize companies and entrepreneurs on the fund raising process and to provide them a unique platform to interact directly with leading Seed-Stage/Venture Capital/Private Equity investors and network with them to enhance their business opportunities.

Key Takeaways:

Mr. Shyam Shenthar, Managing Partner, o3 Capital presented on “Guidance / Interaction with Investment Banker” and Mr. Samir Kumar, Managing Director Inventus Capital along with Mr. Venkatesh Peddi; Vice President, IDG Ventures India Advisors presented on “What VCs look for when making investment Calls”.

The presentations ensured to provide insights on the various funding options to restructure companies and to chart strategic responses to capitalize on the opportunities that present themselves through fresh infusion of CAPEX apart from understanding the paradigms of funding and act accordingly to influence decisions in the areas of: Financing Options available; External round of fund-raising; Valuation expectation; External investor partner; Obligations to the incoming investor; Need of an Investment Banke and preparation before raising external funds.

There was lively interaction by the 140 delegates present from BCIC and ICSI.

CS S C Sharada, Chairperson, Bangalore Chapter of the ICSI delivered the concluding remarks and proposed the vote of thanks.

HALF DAY WORKSHOP ON “UNDERSTANDING FINANCIAL STATEMENT” ON SATURDAY THE 8TH FEBRUARY 2014 AT 10:00 AM AT THE INSTITUTION OF AGRICULTURAL TECHNOLOGISTS, NO. 15, QUEENS ROAD, BANGALORE.

The Bangalore Chapter of the ICSI organised a half day seminar on “Understanding Financial Statement” on 8th February 2014. CA Ketoki Basu, Founder, Finex Solutions, Bangalore was the speaker.

CS S C Sharada, Chairperson, Bangalore Chapter of the ICSI delivered the welcome address and introduced the speaker.

CA Ketoki Basu in her presentation emphasised that before the review of financial statements, it’s important to understand why they are put together in the first place. Management of any business requires a flow of information to make informed, intelligent decisions affecting the success or failure of its operations.

With a view to fully understand the Financial Statement the speaker dealt in detail on Overview and Role of Finance and procedure for Understanding the Financial Statements. She later highlighted the Terminologies and Components of financial statement. The format of financial Reporting & its Analysis was also explained in detail.

The programme was very well attended by 113 Members & Students.

CS Haribabu Thota, Secretary, Bangalore Chapter of the ICSI proposed the vote of thanks.

ONE DAY CLASSROOM SESSION ON “KEY PROVISIONS OF COMPANIES ACT, 2013 JOINTLY ORGANISED WITH FICCI – FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY ON 14TH FEBRUARY 2014 AT LE MERIDIEN, SANKEY ROAD, BANGALORE

The Bangalore Chapter of the ICSI organised a One Day Classroom Session on “Key Provisions of Companies Act, 2013 jointly with FICCI – Federation of Indian Chambers of Commerce and Industry on 14th February 2014 at Le Meridien, Sankey Road, Bangalore

The President, FKCCI delivered the welcome address followed with opening remarks from Mr. Gopalakrishna Hegde, Central Council Member, ICSI.
Session I - “Shareholders Rights and obligations”

Mr. Anind Thomas, Partner, AZB & Partners in his presentation on “Shareholders Rights and obligations” and Minority protection under the Companies Act, 2013 and explained in details the New provisions on enforceability of restrictions on transferability. He then dealt on New provisions on prohibition of insider trading and forward contracts under the new Act with special emphasis on Fixed deposit holders and other stakeholders.

Session II – “Role of Directors”

Mr. Rohit Mathur, Partner- Advisory Services, EY, speaker for the second technical session presented on “Role of Directors” giving insight on Appointment, qualification and disqualification of executive, non executive and independent directors. He then dealt in detail the Duties and liabilities of Directors. Protection by the company for any act done in good faith was also elucidated in detail.

Session III – “Investigations and disputes under the Companies Act, 2013”

Mr. Aditya Bhat, Partner, AZB & Partners presented on “Investigations and disputes under the Companies Act, 2013”. He commenced his presentation highlighting the The new definition of fraud and its impact. He then emphasised on Corporate criminal liability and The SFIO and special courts. The provisions under NCLT and NCLAT was also dealt in detail.

Session IV- “Mergers & Restructuring”

Mr. Amrish Shah, Partner and National Leader, Transaction Tax Services, EY along with Mr. Ravi Vishwanath, Partner - Transaction Tax Services, EY presented on “Mergers & Restructuring”. The new regime for restructuring was briefly explained followed with the Process and procedure of Mergers & Restructuring. He then highlighted the Foreign and Indian companies which has undergone the corporate restructuring; varied between listed and unlisted. Liabilities of acquirer and shareholders with respect to M&R was also explained in detail.

There was lively interaction by the 140 delegates present from FICCI and ICSI.

CS S C Sharada, Chairperson, Bangalore Chapter of the ICSI delivered the concluding remarks and proposed the vote of thanks.

CALICUT CHAPTER

Month: January 2014

Calicut Chapter of SIRC of ICSI has started the Oral Coaching classes for Executive Programme, Module-1 on 6th January, 2014 in the Calicut chapter premises. Welcome speeches were given by the Calicut Chapter Management Committee Chairman Shri. CS Sajeevan Nannat. Vice Chairman, Secretary, Treasurer & all other members of the Calicut Chapter Management Committee were also present at the inaugural of the same.

COIMBATORE CHAPTER

Programme on “Scope of Company Secretaries in Companies Act 2013 including Secretarial Audit & Certification of Annual Return” and Interaction with The President, ICSI on 04th January 2013

On 04th January 2014, the Coimbatore Chapter of SIRC of ICSI organized a Programme on “Scope of Company Secretaries in Companies Act 2013 including Secretarial Audit & Certification of Annual Return” at Indian Chamber of Commerce & Industry Hall, Avinashi Road, Coimbatore.

CS R. Sridharan, Central Council Member, ICSI was the Guest Speaker. The programme started from 3.30 pm onwards. CS P. Eswaramoorthy, Chairman, ICSI-Coimbatore Chapter, welcomed and introduced the Speaker.
CS R Sridharan explained in detailed about the scope of Companies Secretaries in Companies Act, 2013 with latest statistical data on Company Secretaries and Corporates covering under the Secretarial Audit & Certification of Annual Return. The session was highly informative, updated & lively and received with applause by strength of many members and students. The session concluded with a vote of thanks by S R Dhanasekaran, Vice-Chairman of the chapter.

On the same day, the chapter organized an Interaction session with Shri S N Ananthsubramanian, President of ICSI, from 5.30 pm onwards. He interacted with members and students on various initiatives taken by the ICSI during the year 2013 like, E Learning, E Registration, etc. The session concluded with a vote of thanks by CS S Venkatesh, Secretary of the chapter.

Hand Over and Take Over – New Office Bearers at Chapter of SIRC of ICSI on 18.01.2014

The New office bearers took over the charge from the existing Office Bearers on 18th January 2014, evening and the Chapter had invited all the members for the special meeting. The new office bearers took oath and presented to the members their plan of action for the year. The members attended the programme, expressed their expectation from the new office bearers as well as their suggestions for improvement of the brand building of ICSI.

65th Republic Day Celebration on 26th January 2014 at Chapter Premises

Coimbatore Chapter celebrated 65th Republic day Celebration on 26th January 2014 at chapter premises.

Inauguration Session of 45th Oral Coaching Classes on 27.01.2014

Coimbatore Chapter of SIRC of ICSI has organized an inaugural session of its 45th batch of Oral Coaching Classes for June 2014 examination for Foundation and Executive programme students on 27.01.2014 at 6.00 PM at Chapter Premises.

CS Eswaramoorthy, immediate past chairman, Coimbatore chapter, welcomed the students. In his welcome address, he highlighted the importance of CS profession and he explained the students how to prepare for CS course. He advised the students to have a positive attitude in life. He further advised them to the importance of interaction with faculty members.

Mr. Sreejith.P, Desk Officer, ICSI-Coimbatore chapter informed the students about the oral coaching guideline and important instructions. He further explained the students about the online facilities provided by the institute.

Around 70 students with their parents attended the programme. The regular classes have started immediately, after conclusion of the inaugural session.

HYDERABAD CHAPTER

Report on Inauguration of 30th Student Induction Programme

On 3rd January, 2014 Chapter has organised the 30th Student Induction Programme. Sri S. Vinay Kumar, Chief Executive Officer, Varp Power Pvt. Ltd inaugurated the Programme by lighting the Lamp. CS R. Ramakrishna Gupta, Chairman of the Chapter presided over the function and congratulated the students for choosing the ICSI Course and spoke on why Institute had introduced SIP and the purpose of this training programme and advised the participants to utilize the great opportunity to learn.

CS S.S. Marthi, Member of SIRC addressed the students and congratulated them for choosing SIP at Hyderabad Chapter and advised the students to be open for learning and bring out the best in them.
Sri S. Vinay Kumar, Chief Guest addressed the gathering and spoke on employer expectations from the recruitment of employees like Leadership qualities and soft skills, etc. He also spoke of the context of a Company Secretary in a Company and in Practice. The Chief Guest also spoke on the role of a Company Secretary and mentioned that a Company Secretary is a Chief Compliance officer of various Acts. Company Secretary has to communicate logically and in a soft and impressive tone and he should update himself with the changing time. The Chief Guest also emphasized the need for a Company Secretary to discover new ideas, show interest towards the goal and action and that learning is vital to realise their aim.

CS Vasudeva Rao Devaki, Vice-Chairman complimented the students for choosing the CS course and Hyderabad chapter for SIP and spoke that students should make a proper planning to achieve success in their examinations and also proposed a vote of thanks.

Report on SIP Valedictory session

On 9th January, 2014 Chapter has organised the 30th Student Induction Programme valedictory session at Chapter Premises. CS R. Ramakrishna Gupta, Chairman of the Chapter presided over the function. He explained to the students about the SIP programme and its purpose and advised the participants to utilise the opportunity to learn more and more.

CS S.S. Marthi, Member of SIRC shared his experiences, explained about equipping the self, commitment, importance of self-organising and proper planning for examination to the students and informed about the channels available to the corporate sector and advised the students not to compromise on corporate ethics.

Students who attended the programme were given a chance to give their feedback on the 7 days session. Many of them came forward and appreciated the programme and also shared their views. They spoke that the Programme helped them to loose the stage fear, got more confidence and learnt many things.

Mr. N C V Rangacharya, Managing Director, Cadsys (India) Limited addressed the students. He told them about the importance of corporate governance and importance of Company Secretary in a company and his/her vital role. Company Secretary has to keep the confidential information of the Company a secret but should also simultaneously comply with all the provisions of the Companies Act and SEBI Regulations. He also spoke that a Company Secretary should be good at proper disclosure of the affairs of the Company to various stakeholders. He also appreciated the Hyderabad chapter for conducting such programmes which help the students to learn communication skills and also develop the skills.

Chairman CS R. Ramakrishna Gupta answered the students queries and has assured for further improvements in the forthcoming programmes. The Best Participant award was presented to Mr. N. Kranthi Kumar by the Chief Guest.

The programme concluded successfully and CS P.G. Issac Raj, Secretary of Hyderabad Chapter proposed a vote of thanks.

Report on Republic day celebrations

On 26th January 2014 Chapter has organised the Republic Day Celebrations at Chapter premises. CS Vasudeva Rao Devaki, Chairman of the Chapter welcomed the gathering for the celebration followed by rendering of National Anthem by all the participants. In his addressed he spoke that students should take initiative and participate in the development programmes of the nation.

CS Issac Raj P.G., Vice-Chairman of the Chapter, CS A.V. Rao, Treasurer of SIRC and CS S. S. Marthi, Member of SIRC, CS J. Krishna Murthy, former Chairman of SIRC and CS Bala Chandra member spoke on the occasion. They emphasized on the students that they should take initiative and make valuable contribution in the development of the nation and spoke that every citizen of India must remember the history and the sacrifices made by the freedom fighters and significance of Republic day. Some students also spoke on the occasion. A good number of Students and Members participated in the republic day celebrations.

CS Kavitha Rani Sakhamuri, Secretary of the Chapter proposed a vote of thanks.
Inauguration of ICSI HOUSE, Kochi

The Inaugural function of ICSI House, Kochi, started on 3rd of January, 2014 with a Pooja at the new premises at 5 a.m which was attended by CS S.N. Anathasubramanian, President, ICSI, CS. R. Sridharan, Central Council Member and Chairman of Committee for property acquisition, the Managing Committee Members of ICSI, Kochi Chapter and other members. On completion of the Pooja, the Formal Inaugural Function was held at The Renai, Cochin from 10.30 a.m which was attended by several dignitaries including Shri. Josekutty V.E, Deputy Registrar of Companies for Kerala and Lakshadweep, Shri Vijayan Menon, former Registrar of Companies for Kerala, Tamil Nadu and Mumbai and Shri Prasanth, Assistant Official Liquidator.

CS Jayan .K, Chairman, Kochi Chapter delivered the Welcome Address which was followed by the unveiling of Plaque by CS S.N. Anathasubramanian, President, ICSI accompanied by CS. R. Sridharan, Central Council Member and Chairman of Committee for property acquisition, CS Baiju Ramachandran, Vice Chairman, SIRC, the Managing Committee Members of Kochi Chapter and senior members. Shri. Josekutty V.E, Deputy Registrar of Companies, CA Jomon K George, Member, SIRC of ICAI, CMA V. Santhosh Kumar, Chairman, Cochin Chapter of ICAI, CS Baiju Ramachandran, Vice Chairman, SIRC, CS A. Sivadasan, Past Chairman, SIRC, CS N. Balasubramanian, Past Chairman, Cochin Chapter offered felicitations on the occasion. CS. R. Sridharan, Central Council Member and Chairman of Committee for property acquisition addressed the gathering which was followed by Inaugural Address by the President, CS Vijayakumar, Secretary, Kochi Chapter, delivered the vote of thanks. The Inaugural Function was followed by a Professional Development Programme on Secretarial Audit, Annual return and Scope for CS in the Companies Act, 2013 by CS R. Sridharan.

PCS INDUCTION PROGRAMME

The First PCS Induction Programme in the state of Kerala was held on the 10th and 11th of January, 2014 at the newly inaugurated ICSI House, Kochi. The Induction programme was attended by junior and senior members of ICSI and was inaugurated by CS R Sridharan, Central Council Member and chairman of PCS committee of ICSI. CS sudir babu central council member and programme director CS Jayan K, Chairman Kochi chapter, CS Vijayakumar, Secretary were present. CS Sudhir Babu instilled the relevance of the Code of Conduct to be adhered by Members and the disciplinary mechanism in place to check Professional and other Misconduct among Members.

The First Technical Session was handled by CS R. Sridharan, who elaborated on the ICSI Guidelines applicable to members in Practise. In his after noon session CS R Sridharan dwell on concept, need and Importance of Peer Review and the Guidelines for Peer Review and its Process. The participants intensively interacted with speakers. The Last Session for the day was handled by CS Ahlada Rao on the Major Areas for Practise open to Company Secretaries with emphasis on Secretarial Audit, Diligence Report for Banks, Internal Audit for Depository Participants, Compliance Certificates, Business Responsibility Reports and Insurance.

The second day of the induction programme started with a session by CS Bijoy P. Pulipra on basic Infrastructure required to start Practise, Record Maintenance, Professional Development, effective application of technology, Interaction with clients and billing. It was followed by a session on Drafting of Deeds and Documents, Opinion Writing and Appearance before Authorities by Advocate Mohan Pulikcal.

The two day induction programme was very effective and powerful. The delegates expressed their appreciation on this innovative initiative of ICSI. The prescribed publications of ICSI were distributed to the participants.

Certificates were handed over to delegates by CS Sudhir Babu at the conclusion of the Programme.
Republic Day Celebrations at Kochi Chapter

Kochi Chapter celebrated the 65th Republic day on 26 January 2014 at its new office at ICSI House, Kaloor. CS. S P Kamath, Past Chairman, Kochi Chapter hosted the national flag, which was followed by the Pledge and the National Anthem. Ms.Deepa Devi, Secretary, Students Forum delivered the welcome address, trailed by the Republic Day speech by Mr. Dijo Mathew, Chairman, Students Forum.

CS Jayan.K (Immediate past Chairman, Kochi Chapter), CS S.P. Kamath, CS N. Balasubramanian (Past Chairmen, Kochi Chapter) and CS Premjith, felicitated the function. Mrs. Shantheeri Kamath (faculty Kochi chapter) also addressed the gathering. The event took to its credit of being the first programme in the new chapter premises. Around 50 students participated in the programme.

VISAKHAPATNAM CHAPTER

The Visakhapatnam Chapter of SIRC of the ICSI organized a half day seminar on “Reunion” seminar on Topic: “Companies Act, 2013”. The Programme was held on 26th January 2014 at Dasapalla Resorts Ltd, Visakhapatnam between 10am to 2pm.

The delegates critically analyzed various provisions of the draft Companies Rules 2013 and their impact on the industry, economy and the professionals. Issues exclusively related to Companies Act 2013 were debated on. The legislative intention behind different provisions of the draft Rules were analyzed. The members of Visakhapatnam Chapter of SIRC of the ICSI actively participated in the discussion.

CS D.V.Subbarao., Chairman and CS Sekhar Babu A.V.V.S.S.CH.B, Past Chairman, CS C.Suman, Secreatry of Visakhapatnam Chapter of ICSI were present.

About 30 delegates(members, students and others) attended the programme. The Programme was a grand success.

STARTING OF ORAL COACHING CLASSES: SESSION Jun 2014 on 06.02.2014

Starting of Oral Coaching Classes has been conducted at chapter premises from 06th Feb 2014 onwards for Executive Programme Module -I.

The programme was presided over by CS D.V.Subbarao, Chairman, and Visakhaptnam Chapter of ICSI. CS C.Suman,Secretary of the Visakhapantam Chapter of ICSI were the speaker of the programme. The programme was attended by Executive Module I students.

The speakers interacted with students and guided them as per the aspects given in “A GUIDE TO COMPANY SECRETARYSHIP STUDY AND EXAMINATION”. The speakers presented on exam techniques to help the students to understand the tactics of the examination. They also emphasised on dos and don'ts during the exams and also helped the students in preparing the examinations. About 20 students are attended
FILING OF FORM No.18

Form No.18 is filed under Section 146 of the Companies Act, 1956 by the promoters at the time of incorporation of new company and when the existing company changes the registered office within the local limits of city, town or village or outside local limits of city, town or village, within same State and with same ROC, shifting the registered office from one ROC to another ROC within the same state and shifting the Registered office from one state to another State. The format of Form No.18 was changed during 2013 by addition of Column No.4(b) and the instruction kit of the said Form 18 clearly states that proof of registered office address is mandatory in all cases. It is given in column 4(b) of Form No.18 that the registered office may be

a) Owned by a company  
b) Owned by Director  
c) Owned by any other person/entity  
d) Taken on lease by company

To verify the ownership of the building wherever the “Registered Office” is situated, this office is seeking for the following as proof of registered office address such as, the scanned copy of the Electricity Bill or Scanned copy of the property tax receipt, as these are the two documents through which the ownership of the property can be known. But while scrutinizing the Form No.18, it is seen that the same is filed without the above proof. Any one of the above said proof is also sought for if the Radio Button “owned by Director” or “Taken on lease by company” or “owned by any other entity/person” is clicked. Invariably the incorporation documents are “sent for resubmission” for want of proof of the registered office, as a result the incorporation of companies are getting delayed.

As far as the shifting of the Registered office of the existing company within local limits of city, town or village or outside local limits of city, town or village but within same state and with same ROC is concerned, it is to be remembered that w.e.f. 1.5.2011, the Form 18 filed gets approved on straight through processing (STP) mode and if the form 18 is filed without the above said proof, it cannot be added either by resubmission or by Form 67 (Addendum).

Again, if the Registered office is shifted from one place to another place within the same state where two ROCs are involved (e.g. Chennai to Coimbatore) and from one State to another State (e.g. Tamilnadu to Karnataka) only one Form 18 is filed which is signed by one ROC and approved by another ROC. If the required attachments are failed to be annexed and if the former ROC forwards the Form No.18 to the later ROC, the said Form – 18 can neither be resubmitted nor be kept “under pending for user clarifications” by the later ROC, to enable the company to file Form 67 (addendum). Hence while filing Form No.18, it may be remembered that;

a) To enclose “No objection certificate” from director, if the registered office is owned by director along with the copy of Electricity bill or property tax receipt to know the ownership of the property.

b) Rental Agreement/Lease Agreement if the registered office is owned by any other entity / person along with the copy of Electricity Bill or property tax receipt to know the ownership of the property and enable Registrar of Companies to register quickly and also to facilitate the stakeholders in a better way.
Dear Readers,

It gives me immense pleasure in writing this article to my beloved readers. This article carries a brief analysis on the “Board of Directors” and the objective of this article is to reach the minds of the readers.

As you are all aware, how a body cannot exist without a soul (Atma), a company cannot exist without the Board of Directors. Therefore, the Board of Directors referred to as Board, has significant role in planning, directing and visualizing the prospects of a company and also in the apportionment of its returns to the growth of the society.

Let us now proceed to read the analysis made on the Board of Directors:

1. BOARD OF DIRECTORS

What is meant by Board of Directors?

- All individual directors are collectively referred to as “Board of Directors”.

Who can act as Directors of a company?

- Only individuals can act as directors of a company.

How many Directors are required for a company to have a valid Board?

- Minimum three directors in the case of a public company
- Minimum two directors in the case of a private company
- Minimum one director in the case of a one person company

How many Directors can be appointed in a company?

- A company can appoint upto a maximum of 15 directors on its Board.
- A company may also appoint more than 15 directors after passing a special resolution to this effect.

2. DIRECTORS

With the emergence of the Companies Act 2013, the concept of Directors has been widened and attempt has been made to enlarge the scope of Directors.

a) FIRST DIRECTOR

The subscribers to the memorandum who are individuals shall be deemed to be the first directors of the company until the directors are duly appointed by the members.

In the case of One Person Company, an individual being member shall be deemed to be its first director until the director or directors are duly appointed by the members.
b) WOMEN DIRECTOR

In line with the growing need of empowerment to women society, the legislature of this Act, has considered the concept of women director and made it mandatory in respect of certain companies.

Which company requires a Women Director on its Board?

- Every listed company has to appoint a women director on its Board.
- Every public company having paid up capital of Rs.100 crores or more; or
- Every public company having turnover of Rs.300 crores or more has to appoint women director on its Board.

Time limit within which Women Director needs to be appointed

- For listed company – within one year from the notification of the provisions of section 149.
- For public company as prescribed above – within three years from the notification of the provisions of section 149.

c) RESIDENT DIRECTOR

The concept of resident director has been brought in by the Companies Act 2013, mainly to fix responsibility on a director who is readily available in India for taking ownership of the activities carried on by the Multi National Companies in India.

Which company needs to have Resident Director?

- Every company needs to have one director who has stayed in India for a total period of not less than one hundred eighty two days in the previous calendar year.

d) INDEPENDENT DIRECTOR

In the Companies Act 1956, there was no specific definition of Independent Director. The understanding of the concept of Independent Director has been borrowed only from the listing agreement so far. Now the trend has been changed with the emergence of the Companies Act 2013.

The concept of Independent Director has now very well defined in new Act itself and his conduct and responsibilities are also clearly demarcated.

Who is an Independent Director?

- He is a person other than a managing director or a whole-time director or a nominee director.
- He is a person of integrity and possesses relevant expertise and experience.
- He is not a promoter of the company or its holding, subsidiary or associate company.
- He is not related to promoters or directors in the company, its holding, subsidiary or associate company.
- He is a person, who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.
- He is a person, whose relatives has or had no pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.
- He is a person, who himself or his relatives, has not held the position of a key managerial personnel or he has not been an employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.
- He is a person, who himself or his relatives, has not been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm.
- He is a person, who does not hold together with his relatives two percent or more of the total voting power of the company.
He is a person, who is not Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company.

He is a person who possess appropriate balance of skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

**Which company is required to have independent directors on its Board?**

- Every listed company
- Every public company having paid up share capital of one hundred crore rupees or more; or
- Every public company having turnover of three hundred crore rupees or more; or
- Every public company which has, in aggregate, outstanding loans or borrowing or debentures or deposits, exceeding two hundred crore rupees.

**How many independent directors are required to be on the Board?**

- Minimum independent directors - at least one third of the total number of its directors
- Any fraction contained in such one-third number shall be rounded off as one.

**Time limit within which, a company is required to have independent director, on its Board.**

- Within one year from the notification of section 149 of Companies Act 2013.

**Declaration by independent director regarding the criteria of independence**

- Declaration, to the effect that he meets the criteria of independence, has to made
  - at the first meeting of the Board in which he participates as a director;
  - at the first meeting of the Board in every financial year;
  - whenever there is any change in the circumstances which may affect his status as an independent director.

**Data Bank for selection of Independent Directors**

- An independent director may be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors maintained by any body, institute or association, as may be notified by the Central Government having expertise in creation and maintenance of such data bank and put on their website for the use by the company making the appointment of such directors.

**Code for independent directors**

- The Schedule IV of the Companies Act 2013 prescribes the following in respect of code for independent directors.
  - Guidelines of professional conduct
  - Role and functions
  - Duties
  - Manner of appointment
  - Re-appointment
  - Resignation or removal
  - Separate meetings
  - Evaluation mechanism

**e) NOMINEE DIRECTOR**

The concept of nominee director is already in existence in the Companies Act 1956 and he is appointed in order to represent the interest of the stakeholders, who have nominated him.
Who is a nominee director?

- A nominee director means a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government or any other person to represent its interests.

f) SMALL SHAREHOLDER DIRECTOR

The appointment of small shareholder director is only optional and it is applicable only to a listed company.

Who can have small shareholder director?

- A listed company may have one director elected by such small shareholders.
- Small shareholders means a shareholder holding shares of nominal value of not more than Rs. 20,000/- or such other sum as may be prescribed.

g) ADDITIONAL DIRECTOR

The Board of Directors has been vested with powers in the case of appointment of a person as an additional director for strengthening the Board. However, the person appointed as an additional director shall hold office only up to the conclusion of the ensuing annual general meeting.

h) ALTERNATE DIRECTOR

The Board of Directors may, if so authorized by the articles or by a special resolution in general meeting, appoint a person, to act as an alternate director for a director during his absence for a period of not less than three months from India.

i) ROTATIONAL DIRECTOR

- Of the “total number of directors” of a public company, not less than two-thirds shall be persons whose period of office is liable to retire by rotation.
- For this purpose, “total number of directors” shall not include independent directors, whether appointed under this Act or any other law for the time being in force.
- At every annual general meeting after the first annual general meeting, one-third of such of the directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then the number nearest to one-third, shall retire from office.

3. APPOINTMENT OF DIRECTORS

a) Appointment of Independent Director

- Appointment process of independent directors shall be independent of the company management.
- The Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- The appointment of independent director of the company shall be approved at the meeting of the shareholders.

b) Tenure of Independent Director

- An independent director shall hold office for a term up to five consecutive years on the Board of a company.
- He shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment is required in the Board's report.
- No independent director shall hold office for more than two consecutive terms (ten years).
- He shall be eligible for re-appointment after the expiration of three years from the completion of his term of 10 years.
c) Appointment of other Directors

- Where no provision is made in the articles of a company for the appointment of the first director, the subscribers to the memorandum who are individuals are deemed to be first directors until the directors are duly appointed by the member in accordance with the provisions of the Act.
- All directors other than first directors, shall be appointed by the company in general meeting.

d) Conditions precedent for appointment of directors

- No person shall be appointed as a director if he does not possess DIN.
- Consent to act as director should be obtained.
- A person proposed to be appointed as an independent director should satisfy the conditions specified for independent director.

e) Number of directorships

- A person as a director can hold directorships only up to 20 companies.
- Of 20 companies, he can act as a director only in 10 public companies.
- By a special resolution, members of a company may specify lesser number of companies in which he can act as director.

4. DUTIES OF DIRECTORS

Every director of a company should act in a good faith and for the benefit of its members, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

All his acts should be in accordance with the provisions of the articles of the company and subject the provisions of the Act. He should always exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

5. DISQUALIFICATION OF DIRECTORS

The Companies Act 2013 prohibits a person from being appointed as a director, if he attracts any one of the following:

- Unsound mind and stands declared by a competent court.
- Undischarged insolvent.
- Applied to be adjudicated as an insolvent and his application is pending.
- Convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.
- If the imprisonment is for seven years in respect of conviction of any offence, then such person shall not be appointed as a director in any company.
- An order passed by a court or Tribunal and the order is in force.
- Call money was not paid by him and six months have elapsed from the last day fixed for the payment of the call.
- Convicted for the offence dealing with related party at any time during the last preceding five years.
- In the absence of DIN.

6. VACATION OF OFFICE BY DIRECTORS

A person shall vacate his office as a director if he attracts any one of the following:

- He is disqualified to be appointed as a director as per disqualifications prescribed hereinabove.
- Absence from all the meetings of the Board of Directors during a period of 12 months.
- Acts in contravention of the provisions of section 184 relating to contract or arrangement in which he is directly or indirectly interested.
- Failure to disclose his interest in any contract or arrangement in which he is directly or indirectly interested.
- He, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.
7. REMOVAL OF DIRECTORS

- A director may be removed by passing an ordinary resolution by the members of the company before the expiry of the period of his office.
- Director appointed by Tribunal under section 242 cannot be removed.
- Directors appointed under the principle of proportional representation cannot be removed before the expiry of their term.
- A special notice shall be required of any resolution, to remove a director under section 169.

8. RESIGNATION OF DIRECTORS

- A director may resign from his office by giving a notice in writing to the company.
- The board shall on receipt of such notice, intimate the same to the Registrar within 30 days from the date of receipt in Form No.11.8 and post the information on its website, if any.
- The director shall also intimate the Registrar within 30 days from his resignation in Form 11.7 along with fee prescribed.
- The resignation of a director shall take effect from the date on which the notice is received by the company or the date, if any, specified by the director in the notice, whichever is later.

I hereby submit my sincere thanks to all of you for having invested your valuable time in reading this article.

CS.K.K.Rao
K.K.Rao & Associates
Hyderabad

SERVICE TAX UPDATES

- Service tax payable on the services provided by an authorised person or sub-broker to the member of a recognised association or a registered association, in relation to a forward contract, shall not be required to be paid in respect of such taxable service on which the service tax was not being levied during the period 10th September 2004 to 30th June 2012 in accordance with the practice followed, vide departmental notification no. 3/2014 dt. 3.2.2014.

- Unless the declared amount due from the assessee under the VCES has been paid completely (including second instalment) and the acknowledgement in VCES-3 has been obtained, cenvat credit cannot be taken, as clarified by the department vide circular no. 176/2/2014_ST dt. 20.1.2014.

- Detailed clarification has been provided by the Department vide circular no. 175/01/2014-ST dt. 10th January 2014 in respect of the Resident Welfare Associations and where the amount of collection exceeds Rs. five thousand then it would fall within the service tax net. However, in the case of electricity bills issued in the name of RWA, in respect of electricity consumed for common use of lifts, motor pumps for water supply, lights in common area, etc., since there is no agent involved in these transactions, the exclusion from the value of taxable service would not be available.
REGISTRATION OF CHARGES: CHANGES MADE IN COMPANIES ACT 2013

Registration of Charges is dealt in a separate Chapter (VI) under Companies Act, 2013. There are 11 Sections (Section 77 to 87) that deal with Charges.

Increase of time limit upto 300 days (without applying to RD) Charges by Charge holder, enhanced penalty for non filing are some of the important changes made in the new Act. Let us discuss the changes in detail by comparing the old Act and new Act.

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<tbody>
<tr>
<td>1.</td>
<td>Section 124 to 145 [Part - V]</td>
<td>Section 77 to 87 [Chapter - VI]</td>
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<td>2.</td>
<td><strong>Definition:</strong>&lt;br&gt;S.124 - In this part the expression Charge includes a Mortgage&lt;br&gt;The above definition is not exhaustive and hence reference is often made to S.100 of Transfer of Property Act.</td>
<td><strong>Definition:</strong>&lt;br&gt;S.2 (16) - Charge means an interest or lien created on the property or assets of a Company or any of its undertakings or both as security and includes a mortgage</td>
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<td>3.</td>
<td><strong>Period of filing of creation/ modification of Charge [S.125 (1) and first proviso]:</strong>&lt;br&gt;Particulars of creation/ modification of Charge should be filed with the RoC within 30 days after the date of its creation/ modification.&lt;br&gt;The said particulars shall also be filed within 30 days next following the expiry of the aforesaid period of 30 days on payment of additional fee.&lt;br&gt;If the said particulars were not registered even within the extended time (30+30 days), the Company has to seek extension of time in accordance with S.141</td>
<td><strong>Period of filing of creation/ modification of Charge [S.77(1), First and Second Provisol]:</strong>&lt;br&gt;Particulars of creation/ modification of Charge should be filed with the RoC within 30 days from the date of its creation/ modification.&lt;br&gt;The Registrar may, on an application by the Company, allow such registration to be made within a period of 300 days of such creation/ modification on payment of such additional fees as may be prescribed&lt;br&gt;If the said particulars were not registered even within the extended time (30+300 days), the Company has to seek extension of time in accordance with S.87</td>
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<td>4.</td>
<td><strong>Reckoning of 30 days [S.125 (1)]:</strong>&lt;br&gt;S.125(1) clearly uses the term “… within [thirty] days after the date of its creation”&lt;br&gt;i.e. the period of 30 days will commence after the date of creation/ modification of Charge</td>
<td><strong>Reckoning of 30 days [S.77 (1)]:</strong>&lt;br&gt;S.77 (1) uses the term “…and in such manner as may be prescribed, with the Registrar within thirty days of its creation”&lt;br&gt;i.e. the period of 30 days will commence from the date of creation/ modification of Charge</td>
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<td>Registration of Charge Vs Liquidators and Creditors [S.125(1)]:</td>
<td>Registration of Charge Vs Liquidators and Creditors [S.77(3)]:</td>
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<td>Unless the Charge is registered with the RoC, it is void against the liquidator or creditors of the Company and they cannot take into account such Charge.</td>
<td>No Charge created by a Company shall be taken into account by the liquidator or any other creditor unless it is duly registered under S.77 (1) and a certificate of registration of such Charge is given by the Registrar under S.77(2)</td>
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<td>N.A</td>
<td>No charge by way of hypothecation of a motor vehicle shall require registration unless the financier so requires. Provided the disclosures shall be given in the Balance Sheet regarding all such charges created by way of hypothecation of motor vehicles and the fact that charge has not been registered and the financers have not required so.</td>
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<td>7.</td>
<td>Charges requiring registration [S.125 (4)]:</td>
<td>Charges requiring registration [Draft Rules 6.1 (3)]:</td>
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<td>The charges requiring registration is expressly mentioned in S.125 (4).</td>
<td>The charges requiring registration is not expressly mentioned in the Act, but given in the draft Rules 6.1 (3).</td>
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<td>Regarding Intangibles [S.125(4)(i)] the Act uses an exhaustive phrase. i.e. “a charge on goodwill, on a patent or a license under a patent, on a trademark, or on a copyright or a license under a copyright”</td>
<td>Other things remaining the same, regarding Intangibles [Rule 6.1 (3)(i)] the Rule uses an inclusive phrase. i.e. “a charge on intangible assets, including goodwill, patent, a license under a patent, trade mark, copyright or a license under a copyright” Hence this rule would cover creation of Charge on any other form of intangible asset other than those mentioned in Rule 6.1 (3)(i)</td>
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<tr>
<td>8.</td>
<td>Form to be filed for creation/ modification of Charge [S.125 and S.127]:</td>
<td>Form to be filed for creation/ modification of Charge [Draft Rule 6.1 (1)]:</td>
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<td>Form 8</td>
<td>Form 6.1</td>
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<td>9.</td>
<td>Certificate of Registration [S.132]:</td>
<td>Certificate of Registration [S.77 (2) and Draft Rule 6.4]</td>
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<td>No specific Form was prescribed</td>
<td>The draft rules [6.4 (1) &amp; (2)] prescribes specific Forms-</td>
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| 10. | **Registration of Charge by interested party [S.134 (1)]:**  
   The Act is silent as to when and on what circumstances the interested party can effect the registration of Charge. The Act also uses a wider terminology “any person interested therein” | **Registration of Charge by Charge holder [S.78] and Draft Rule 6.1 (1) First Proviso:**  
   The Act is clear that, only if the Company fails to register the charge within the period specified in S.77 (i.e. 30 days), the person in whose favour the Charge is created may apply to the Registrar for registration of the Charge. The Act clearly prescribes that it is the person in whose favour the Charge is created is entitled to apply for registration. |
| 11. | **Effect of subsequent Registration of Charge:**  
   N.A | **Effect of subsequent Registration of Charge [S.77(1), Third Proviso]:**  
   Any subsequent registration of a Charge shall not prejudice any right acquired in respect of any property before the Charge is actually registered |
| 12. | **Charge created/ property situated outside India [S.125 (5)]:**  
   In the case of Charge created outside India and the property on which a charge is created is also situated outside India, then the time limit (30 days) for filing Form 8 for registration shall commence after the date on which the instrument creating or evidencing the Charge or a copy thereof could, in due course of post and if dispatched with due diligence, have been received in India. Hence the Charge need not be registered within 30 days after the date of creation in the aforesaid case. | **Charge created/ property situated outside India [S.77 (1)]:**  
   In the case of Charge created outside India and the property on which a charge is created is also situated outside India, no exemption as to computing the period as prescribed in the old Act [S.125 (5)] is available in the Companies Act, 2013. Hence even if the Charge is created outside India or the property on which a charge is created is also situated outside India, the time limit for registering the said Charge (30 days) will commence from the date of its creation. |
| 13. | **Provisions as to Debentures:**  
   Part - V of the Act dealing with Registration of Charges contains specific provisions relating to Debentures and separate Form (No.15) | **Provisions as to Debentures:**  
   Chapter - VI dealing with Registration of Charges does not contain any provision relating to Debentures. However the draft rule 6.1 (3)(a) still uses the term debentures |
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<th>Satisfaction of Charge [S.138]:</th>
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<td></td>
<td>The Company shall give intimation to the Registrar within 30 days from the date of satisfaction in full of any Charge relating to the Company.</td>
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<td>If the Company fails to give intimation within 30 days as aforesaid, it has to seek extension of time in accordance with S.141</td>
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<th>Satisfaction of Charge [S.82]:</th>
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<td>The Company shall give intimation to the Registrar within 30 days from the date of satisfaction in full of any Charge relating to the Company.</td>
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<td>The Registrar may, on an application by the Company, allow such registration to be made within a period of 300 days of such satisfaction, on payment of such additional fees as may be prescribed.</td>
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<td>If the Company fails to give intimation even within the extended time (30+300 days), the Company has to seek extension of time in accordance with S.87</td>
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<th>Form to be filed for satisfaction of Charge [S.138 (1)]: Form 17</th>
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<td>Form to be filed for satisfaction of Charge [S.82 (1) and Draft Rules 6.6 (1)]: Form 6.4</td>
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<th>Memorandum of satisfaction of Charge [S.138 (3)]: No specific Form was prescribed</th>
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<td>Memorandum of satisfaction of Charge [S.82(2) and Draft Rules 6.6 (2)]: Form 6.5</td>
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<th>Intimation to the Charge holder [S.138 (2)]:</th>
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<td>The Registrar shall give intimation to the lender to show cause within 14 days his reply when the borrower Company files satisfaction of Charge</td>
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<th>Intimation to the Charge holder [S.82 (2)]: First Proviso:</th>
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<tbody>
<tr>
<td></td>
<td>If the Form (6.5) is digitally by the charge holder also then the requirement of giving intimation to the charge holder and asking him to show cause within 14 days is not required.</td>
</tr>
</tbody>
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<thead>
<tr>
<th></th>
<th>Penalties:</th>
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<tbody>
<tr>
<td></td>
<td>In Part - V, various Sections provides for fines in the case of non-compliance/default [S.127(2), 133(2), 137(3), 142, 143(2) and 144(3)]</td>
</tr>
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<tr>
<th></th>
<th>Penalties [S.86]:</th>
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<tbody>
<tr>
<td></td>
<td>The Section clearly provides that violation of any provision of this Chapter (VI) by any Company shall be punishable with fine and the Officers in default shall be punishable with imprisonment or fine or with both</td>
</tr>
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<tr>
<th></th>
<th>Quantum of Penalty:</th>
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<tbody>
<tr>
<td></td>
<td>The fine ranges between a minimum of Rs.200/- per day to a maximum of Rs.10,000/- for the defaulting companies.</td>
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<tr>
<th></th>
<th>Quantum of Penalty:</th>
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<tbody>
<tr>
<td></td>
<td>The fine ranges between a minimum of Rs.1,00,000/- to a maximum of Rs.10,00,000/- for the defaulting companies.</td>
</tr>
<tr>
<td></td>
<td>Every Officer of the Company who is in default shall be punishable with imprisonment for a term which may extend</td>
</tr>
</tbody>
</table>
### Other Interesting Points:

- **S.132 of CA, 1956** - Certificate of Registration of Charge - “The Registrar shall give a certificate under his hand…” - Even at present the Certificates are issued under the DSC of the Registrar.

- **S.77 (2) of CA, 2013** has dispensed with the wordings “…under his hand…”

- **S.130 (2) of CA, 1956** - The Registrar shall return the instrument after entering the particulars of all Charges - Even at present no such procedure happens since the copies of instruments creating Charges are uploaded in electronic form as attachment and hence CA, 2013 has dispensed with the said provision.

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<table>
<thead>
<tr>
<th>Article</th>
<th>Register of Charges to be kept by Companies [S.143]:</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.</td>
<td>S.143 deals with the matters to be maintained in the Register of Charges to be kept by Companies (3 columns viz. short description of properties, amount of charge, person entitled to Charge)</td>
</tr>
<tr>
<td></td>
<td>Register of Charges to be kept by Companies [S.85 and Draft Rules 6.8 and 6.9]:</td>
</tr>
<tr>
<td></td>
<td>Form 6.7 deals with the matters to be maintained in the Register of Charges to be kept by Companies (17 columns)</td>
</tr>
<tr>
<td></td>
<td>The entries in the Register shall be authenticated by the Secretary of the Company or any other person authorized by the Board for the purpose</td>
</tr>
<tr>
<td></td>
<td>The Register of Charges shall be preserved permanently and the Instrument creating a Charge shall be preserved for a period of 8 years from the date of Satisfaction of Charge by the Company</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article</th>
<th>Right to inspection of Register of Charges and instruments creating Charges [S.144]:</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.</td>
<td>The reasonable restrictions for inspection may be imposed by the Company via General Meeting</td>
</tr>
<tr>
<td></td>
<td>Not less than 2 hours in each day should be allowed for inspection</td>
</tr>
<tr>
<td></td>
<td>Central Government may also by order compel an immediate inspection of the said copies or Register</td>
</tr>
<tr>
<td></td>
<td>Right to inspection of Register of Charges and instruments creating Charges [S.85 (2)]:</td>
</tr>
<tr>
<td></td>
<td>The reasonable restrictions for inspection may be imposed by the Company via Articles of Association</td>
</tr>
<tr>
<td></td>
<td>The Register of Charges and instrument of Charges shall be open for inspection during business hours [Business Hours defined in S.96 (2)]</td>
</tr>
<tr>
<td></td>
<td>The provision relating to inspection through Central Government order has been dispensed with.</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Article</th>
<th>Register of Charges to be kept by Registrar [S.130]:</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.</td>
<td>The Section is based on the physical maintenance of Register and contains detailed provisions</td>
</tr>
<tr>
<td></td>
<td>Register of Charges to be kept by Registrar [S.81 and Draft Rule 6.5]:</td>
</tr>
<tr>
<td></td>
<td>The draft rule is based on the electronic maintenance of Register which states that the particulars of Charges maintained on the MCA Portal shall be deemed to be the Register of Charges for the purposes of Section 81</td>
</tr>
</tbody>
</table>
INTRODUCTION:

SEBI with a move to have greater authority to crackdown on fraudsters and defaulters, had laid down new norms to exercise its powers to conduct search and seizure during investigations. The new powers are aimed at making SEBI more effective in protecting investor interest and helping it to better regulate the market, including enforcement of securities laws.

Securities Laws (Amendment) Second Ordinance, 2013 was promulgated on September 16, 2013 conferring explicit powers on the Chairman, SEBI to authorise Investigating Authority or any other officer of SEBI to conduct search and seizure under sub-section (8) of section 11C of the Securities and Exchange Board of India Act, 1992(SEBI Act). Pursuant to this ordinance, the powers of SEBI officials have been widened to include search and seizure, attachment of properties, arrest and detention of defaulters and disgorgement orders to recover wrongful gains. A Source from The Economic Times indicates that as on March 31, 2013, SEBI had to recover about Rs.120Crore from more than 1,300 entities that have defaulted on payment of penalties imposed on them by the regulator.

SEBI has already proposed draft regulations for settlement of administrative and civil proceedings, the powers for which were also granted through this ordinance. While SEBI had to previously go through a lengthy legal process for the recovery of such payments, the capital markets regulator has proposed the power to attach the assets of defaulters and even order their arrest vide such amendment in the SEBI Ordinance. One such other draft Regulation proposed by SEBI was the Procedure for Search and Seizure, Regulation 2013. The said regulation is placed on the website for public comments and proposed changes to the draft along with the rationale for such change. The said regulation shall come into force on the date of their publication in the Official Gazette. A brief of the draft regulation is given below for better analysis.

SALIENT FEATURES OF DRAFT SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR SEARCH AND SEIZURE) REGULATIONS, 2013

WARRANT OF AUTHORITY: An Investigating Authority having reason to believe that the books, registers, other documents and record of, or relating to, any intermediary or any person associated with securities market in any manner, may be destroyed, mutilated, altered, falsified or secreted, the Investigating Authority may make a request in writing to the Chairman for issuance of warrant of authority. On receipt of the request, the Chairman may, after being satisfied that it is necessary to do so, authorise the Investigating Authority or any other officer of the Board as the authorised officer by issuing a warrant of authority for the seizure of such books, registers, other documents and record.

WITNESS: Before making a search, the authorised officer shall call upon two or more independent and respectable inhabitants of the locality in which the place to be searched, to attend and witness the search and may issue an order in writing to them or any of them in this regard. Whereas it has been specifically provided that any person witnessing a search need not attend as a witness of the search in any quasi-judicial proceedings under the securities laws unless summoned. This shall remove lots of hardship to the witness.

SEARCH OF PLACES AND BUILDINGS: It shall be lawful for the authorised officer to enter such building or place and search therein, to break open door of any building or place of the person to be searched or of any other person, after due notification. The Investigating Authority can also request the services of any police officer or of any officer of the Central Government, or State Government or both, to assist him if required.
SEARCH OF VESSEL, VEHICLE OR AIRCRAFT: The Investing Authority to have the free ingress to vessel, vehicle or aircraft for the purpose of execution of the warrant of authority and also can take control of the same.

SEARCH OF PERSONS: If the authorised officer has reason to suspect a person who has got out or about to get in a building under the warrant of authority that the person has secreted about any such books of account or other document, then the Investing Authority may search the person.

SEARCH OF COMPUTER: The authorised officer having authority to search any place or person, may use any reasonable measures to access a computer system or other data storage device, that the person being searched is carrying or that is in the person’s physical possession or immediate control.

SEIZURE MEMO: An authorised officer who under the warrant of authority shall in the presence of the person from whom the premises or the documents were seized, should prepare a seizure memo containing a list of all documents seized or copied in the course of such search and of the places in which they were respectively found.

The seizure memo shall contain the following details, as may be applicable:

(a) the time of entry for search and exit from the premises;
(b) the identity of the persons searched;
(c) the address of premises being searched;
(d) the detail of officers present, if any, at the time of seizure;
(e) the details of other persons present, if any, at the time of seizure;
(f) the signature of the authorised officer;
(g) the signature of the witnesses with thumb impression and date;
(h) the description of identification mark, if any, placed by any person from whose possession or control the documents are seized;
(i) the signature of the owner or the person who is in immediate possession or control of premises, building, vehicle, vessel or aircraft, if available, from whose premises or person the documents were seized.

POWERS AND OBLIGATIONS OF AUTHORISED OFFICER:

The authorised officer who conducts the Search & Seizure has the following powers

- Power of inspection
- Power of seizure
- Power to place identification mark.
- Power to make copy.
- Power to record statement

GENERAL OBLIGATIONS ON EXECUTION OF WARRANT OF AUTHORITY:

Regulation 18 of the SEBI (PROCEDURE FOR SEARCH AND SEIZURE) REGULATIONS, 2013 provides for the general obligations on the Authorised Officer who acts under the warrant of Authority that he:

- shall identify himself or herself either by name or by official identification document
- show the warrant of authority to the person who occupies the premises.
- conduct search and seizure, if any, in the presence of the witnesses and prepare Panchnama.
- deliver a copy of the seizure memo to any person from whose possession or control the documents are seized.

- shall not enter at any place of business or profession after daytime.

**RIGHTS OF PERSONS UNDER SEARCH AND PERSONS IN CHARGE**

Chapter V of the Regulation deals with the rights and obligations of persons under search and persons in charge:

- to see the warrant of authority duly signed and sealed by the Chairman and authorised officer and to obtain a copy thereof;
- to verify the identity of the officials assisting the authorised officer;
- to attend during the search and seizure operation;
- to have copy of document seized or take extracts therefrom, in the presence of the authorised officer or any other person empowered by him in this behalf, at such place and reasonable time as the authorised officer may appoint in this behalf;
- to have a copy of any statement recorded during search and seizure;
- to put his own mark of identification on the document seized on recording the description of such mark of identification.

**OBLIGATIONS:**

- Any person in charge of or in any building, place, vessel, vehicle or aircraft authorised to be searched on demand by the authorised officer under warrant of authority shall allow him free ingress and afford all reasonable facilities for a search.

- Any person who has the immediate control of any vessel, vehicle or aircraft authorised to be searched, if moving, shall stop any such vessel or vehicle or stop and cause to be landed any such aircraft on communication of the authority of authorised officer to search and seize.

- Any person in charge of the business or person in charge of electronic records shall be bound to disclose the password and such other information as may be asked for by the authorised officer.

- No person shall prevent any authorised officer or any officers assisting the authorised officer from execution of warrant of authority.

**SAFE CUSTODY AND RETURN OF DOCUMENTS**

Chapter VI of the Regulation deals with the safe custody and return of the documents by the Inspecting Authority. The authorised officer who is not the Investigating Authority, shall hand over the documents seized along with the seizure memo to the Investigating Authority for whose investigation the authorised officer conducted the search and seize. He shall ensure that records in physical form are not altered, damaged, mutilated, and the records in electronic form is not altered or erased.

The Investing Authority shall keep in its custody the books, registers, other documents and records seized under this regulations for such period not later than the conclusion of the investigation as he considers necessary and shall ensure physical documents and electronic storage devices on which electronic records are stored, are maintained and stored in suitable physical and environmental conditions.
LIABILITY FOR NON-COMPLIANCE OF OBLIGATIONS

1. **Any intermediary** who fails to comply with any of the obligations while execution of warrant of authority, shall be liable for any one or more of the following actions:
   (a) adjudication under section 15HB of the Act;
   (b) proceedings under Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;
   (c) prosecution under section 24 of the Act.

2. **Any person other than an intermediary** who fails to comply with any of the obligations while execution of warrant of authority, shall be liable for any one or more of the following actions:
   (a) adjudication under section 15HB of the Act;
   (b) action under section 11B and sub-section (4) of section 11 of the Act;
   (c) prosecution under section 24 of the Act.

CONCLUSION:

Thus the new Regulation which is inline with the provisions of the Income Tax Act and provides detailed procedures for such search and seizures by the regulator, provides more powers to the SEBI officials and would help SEBI to exercise the powers of search and seizure at the time of investigation, harmonious with the rights of the persons who are subjected to search of their person and property, while pursuing the statutory mandate of “investor protection.”

The Objective behind promulgation of ordinance to amend various Sebi Acts was done to remove a lacuna that allowed fraudsters to escape regulatory actions and to change from its present status as mere Watch Dog into a completely equip themselves with greater powers to ensure that fraudsters does not escape regulatory actions.

NOTE ON PROPOSED AMENDMENTS TO CLAUSE 49 OF THE LISTING AGREEMENT BY SECURITIES EXCHANGE BOARD OF INDIA

Introduction:

The Securities Exchange Board of India (SEBI) on its Board Meeting dated 13th February 2014 has approved major amendments to the clause 49 of the listing agreement Viz., - “Corporate Governance”. As per the outcome of the Board Meeting the amendments shall be made applicable to all listed companies with effect from 1st day of October 2014.

These proposed amendments by SEBI aims to harmonize the listing agreement in line with the recently passed Companies Act 2013 (read with draft rules). Moreover the watchdog has imposed more stringent compliances to the listed companies some of which at present are not mandated even in the recently passed Act. SEBI has taken one step forward towards the implementation of international standards in corporate governance.

Review of the proposals approved by SEBI

On Independent Directors:

The SEBI has changed its stand with reference to the definition of the term independent director. At present a Nominee director is deemed to be the independent director as per clause 49(I)(A)(iv). As per the provisions of Section 149(6) of the Companies Act 2013 (the Act) does not include nominee director from the scope of an independent director. Accordingly the board of SEBI has excluded nominee director from the definition of Independent Director. Consequent to this amendment coming into effect, every company meeting the criteria of board’s composition after taking into nominee director’s into consideration has appoint new independent director.
As per existing provisions of clause 49(I)(B) the shareholder by a special resolution can determine the number of shares that can be allotted to the non executive director as well as indented director. However section 149(9) expressly prohibits offering stock option plans to the independent directors. Now SEBI has made listing agreement in line with the Act by stating that independent directors are prohibited from participating in stock options offered by the listed entity in order to maintain the independence of directors during the term they serve as Independent Director.

**Exclusive meeting of independent directors** of the company at-least once in a year has been mandated by the watchdog by inserting a new provision to the clause 49 which was already mandated by the Act by section 149 read with schedule IV (VII). It is too stated by SEBI that the meeting should be only for the independent directors and other directors are not eligible to participate in such meeting. SEBI is of the opinion that such meeting will facilitate the independent directors to formulate an action plan as the Act impose more and more responsibilities over them.

**Restriction on the tenure of independent director**, presently as per the non-mandatory requirements independent directors are permitted for a continuous tenure of 9 years in a board. Whereas section 149(10) of the Act says that Independent Director can hold office for a period of 5 years and by special resolution another 5 years i.e., continuous period of 10 years. Post that, a cooling period of 3 years to be provided. Further during the cooling period the Independent director not to be appointed / associated with the company either directly or indirectly. The only relaxation given is the duration of 10 years commences form the date of the section becoming effective. *The regulator has taken a different stand and says with effect from 01st October 2014 (the day from which the amendments will be effective) the tenure of independent directors can be restricted to 10 years(two terms of 5 years).*

However if a person is associated as ID with a listed entity for a period more than 5 years then that individual can be appointed as ID only for 5 years and not 10 years. The *regulator converted a non mandatory requirement into a mandatory one* and gone one step further by taking in to account the independent directorship held by a person in the immediate preceding 5 years also while determining the tenure of 10 years. This move will bring new independent directors into role and eliminate the old boys club of independent directors. It is worth noting that SEBI has not dealt with the provisions of reappointment of a person as Independent director post the cooling period which is provided in the Act. Hence we can say that an individual can serve only a term of 10 years as Independent Director of a company in his life

Fixing an upper limit for independent directors at any given day, presently a person at any given day can hold independent directorship for any number of companies(listed companies) i.e., same person can be appointed as independent director without any restriction or upper limit. The Act also takes the same stand and has not imposed any restriction or upper limit on the number of companies in which an individual can be appointed as independent director. *But now the SEBI says; an individual can be appointed as independent director for not more than 7 companies at any given day.*

**On Compulsory whistle blower mechanism**

SEBI in a step forward to reduce corporate frauds has mandated that all the listed company has to establish a framework whereby the identity of the person who wants to throw lights on a corporate fraud is preserved / not exposed off. Further the framework must encourage any person to throw light on the frauds committed by a company. Accordingly the SEBI feels that it would be fit and proper that every listed company has to mandatorily establish a whistle blower mechanism which is easily accessible. The move by the SEBI deserves appreciation from all sectors, since the chance of committing a corporate fraud such as insider trading; improper utilization of money raised through public offer, acceptance of deposits; etc., in a listed entity is more when compared to a un-listed one.

The introduction of whistle blower mechanism was introduced in the Act and governed by the provisions of Audit Committee (Section 149(9)&(10)). The whistle blower mechanism was not a mandatory requirement earlier, how was there anvoluntary compliance by the interested company.
On Additions to the list of committees which are mandatory

Presently only audit committee and the shareholder’s grievance committee is mandatory as per the provisions of listing agreements clause 49. Whereas as per section 178 of the Act, constitution of Nomination & Remuneration Committee along with Stakeholders Relationship Committee is made mandatory.

SEBI in line with the provisions of Section 178 amended the provisions listing agreements by mandating the formation of the aforesaid committees. Accordingly every listed company has to have four committees compulsorily viz., Audit Committee, Shareholders Grievance Committee, Nomination & Remuneration committee and Stakeholders Relationship Committee.

The Nomination & Remuneration committee formed by a company has to review the performance of the independent directors and other directors who are all part of the board and this review has to be made on a yearly basis. As per the provisions of the Act the independent directors has to review the performance of the non independent directors along with the chairman’s performance at a separate meeting conducted by the independent directors on a yearly basis. On the other hand the board consisting of non independent directors will evaluate the performance of independent directors to decide on the extension to be granted to them.

Further SEBI has expanded the role of Audit committee in line with the Act, disclosures in connection with remuneration policy followed by the company with special reference to the Board of directors, KMP, officers in defaults and other top management personals.

On Related Party Transactions (RPT)

The ESBI has mandated that a transaction with related parties to be approved by the Audit committee before the actual transaction takes place and the share holder's approval is also required in which the related parties to abstain from voting. We can also say that the approval of the members who is not having any material interested in a decision has to decide on related party's transaction that too the resolution passed is a special resolution and not an ordinary resolution. Further the definition of related party has been amended to reflect the definition as stated in the Act.

On Chairmanship of Independent directors

As per the current provisions only in case of audit committee it is mandatory that an independent director to be its chairman. The regulator now takes a different stand and says that for nomination and remuneration committed too to be chaired only by an independent director.

On Compulsory induction of woman directors

The SEBI on aligning itself with the Companies Act 2013 has introduced another mandatory compliance which is the presence of at least one women director in the board the companies who are part of the listing agreement which is mandated by the Act as per the provisions of Section 149(1) read with the rules made there under. It is immaterial that the section 149 is implemented before 1st October 2014 or not after 1st October every listed company has to have at-least One woman director on its board in order to comply with the provisions of corporate governance clause and continue its listing status.

On Other proposals

In addition to the above, the Board also approved the proposal to put in place principles of Corporate Governance, policy on dealing with related party transaction, divestment of material subsidiaries, disclosure of letter of appointment of Independent Directors and the letter of resignation of all directors, risk management, providing training to Independent Directors, E-voting facility by top 500 companies by market capitalization for all shareholder resolutions and Boards of companies to satisfy themselves that plans are in place for orderly succession for appointments to the Board and senior management.
**Conclusion:**

All the steps/amendments made to the clause 49 of the listing agreement will ensure more transparency in the company’s management such as changes proposed for independent director, related party transaction and creation of shareholders grievance committee are to name a few. The intention of the regulator to safeguard the interest of the investor to a greater extent than how it was achieved in present scenario. The regulator is slowly taking necessary steps to implement the standards which are widely accepted globally in terms of corporate governance.

Meanwhile, the listed companies too can take necessary steps to comply with the proposed guidelines by appointing independent directors wherever required, framing policies on Whistle Blower mechanism, appointment of Women Directors, reconstitution of existing committees, Related Party Transactions etc., in anticipation of the proposed amendment which is to take effect from 1st October 2014 on voluntary basis.

Source: [www.sebi.gov.in](http://www.sebi.gov.in)

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**CS Rajesh R Advocate**

*A Brief analysis of Chapter XV and XVI of the Companies Act, 2013*

**'Compromise/Arrangement/Amalgamations'**

The Companies Act, 2013 has brought in some important changes on the procedure to be followed in cases of Compromise/Arrangement and Mergers/Amalgamations. The power to sanction a Scheme of compromise or arrangement is vested with the NCLT and in case of an application filed only for reduction of share capital under Sec. 66 then the concerned Section requires the Central Government, RoC, SEBI or Creditors to make their representation within 3 months from the receipt of notice failing which the NCLT shall presume that they have no objection to the reduction whereas in case of an application filed for compromise or arrangement under Sec. 230 including reduction of share capital, sub-section(5) requires the authorities to make representation within 30 days from the date of receipt of the notice failing which the NCLT is empowered to presume that there no objections for the proposal or the scheme. The notice u/s. 230(5) must be sent to Central Government, RoC, Official Liquidator, Income Tax Authorities, RBI, SEBI, Stock Exchanges, Competition Commission of India, wherever necessary. Earlier even a single shareholder or a creditor could file an application to oppose a compromise or arrangement whereas sub-section (4) imposes a restriction that any objection to the compromise or arrangement can be made only by persons holding not less than 10% of the shareholding or having outstanding debt amounting to not less than 5% of the total outstanding debt as per the latest audited financial statement. Earlier the valuation report is filed only in respect of the share exchange ratio but the new Act requires a valuation report not only with respect of the shares but also on all assets including tangible or intangible, movable or immovable by a registered valuer. The Compromise or arrangement will be sanctioned only if a certificate is issued by the statutory auditor that the accounting treatment is in conformity with the accounting standards as prescribed u/s. 133. The NCLT is empowered to dispense with the meeting of creditors U/s. 230(9) but the section is silent on dispensation of the meeting of members therefore the meeting of members appears to be mandatory. The Tribunal shall not sanction any buy-back of securities in a Compromise or Arrangement unless such a buy-back is in accordance with the provisions of Sec. 68 whereas in case of a Scheme including reduction of share capital the provisions of Sec. 66 shall not apply for such reduction. If the Tribunal is satisfied that the compromise or arrangement sanctioned cannot be satisfactorily implemented or the Co. is unable to pay its debts as per the scheme then it can order winding up of the company. In case of dissolution of the transferor company the fee paid by such company shall be set-off against any fee payable by the transferee company on its authorised capital subsequent to the amalgamation.
In case of a merger or amalgamation of 2 or more small companies or between a holding and its wholly-owned subsidiary company, the scheme can be approved by the Central Government and notice in this regard must be sent to the RoC and OL who shall communicate in writing in case of any objections to the scheme within a period of 30 days failing which it shall be presumed that they have no objection to the Scheme. The scheme must be sanctioned by members holding at least 90% of the total no. of shares and the companies must file a declaration of solvency with the RoC and the Scheme must also be approved by majority representing 9/10th in value of the creditors. In case of any objection to the Scheme by the RoC or Official Liquidator or the Central Government is of the opinion that the Scheme is not in public interest or the interest of the creditors it may file an application within 60 days of the receipt of the Scheme to the NCLT for its confirmation. Where the Central Govt. does not have any objection to the scheme or no application is filed with the NCLT it shall be deemed that it has no objection to the scheme.

Under the new Act, a foreign co. can be merge with an Indian Co. or vice-versa with the prior approval of the RBI and such a foreign co. may or may not have a place of business in India and the consideration can be paid to the shareholders of the merging company in cash or in Depository receipts.

'Oppression and Mismanagement'

Sec. 241 deals with instances of both oppression and mismanagement and under the new Act, the section includes the words 'have been' under sub-section(1) which means even past acts committed within 3 years can be complained of although it does not have a continuous effect as on the date of filing the petition/application. Earlier, only in cases of oppression, the petitioner has to justify winding up of the company on just and equitable grounds whereas under the new Act, it is necessary even in cases of mismanagement by virtue of Sec. 242(1)(b) which is squarely applicable to any application filed u/s. 241. Earlier, the Central Govt. was empowered and now the NCLT is empowered to either waive all or any of the requirements regarding the members who are entitled to apply u/s. 244(1)(a) & (b). Under the new Act, the NCLT has specific powers to even impose costs. As per the draft rules, it is necessary to obtain leave of the NCLT before withdrawal of an application filed u/s. 241.

'Class action'

Similarly to Sec. 241, a class of members or depositors subject to satisfying the requirements of Sec. 245(3) are entitled to file an application before the NCLT on various grounds including to restrain the company or its directors from committing ultra vires acts or acts in violation of memorandum and articles of the company etc. The applicants can even claim damages or compensation from the company or directors in case of fraudulent and unlawful conduct and from the auditor for any improper or misleading statement in the audit report and including experts, advisers or consultants on similar grounds. The conduct of the applicants will be taken into account before any order is passed by the NCLT and in case if the Tribunal comes to a conclusion that the application is frivolous or vexatious in nature it can impose cost against the applicant(s) upto Rs. 1 lakh. No class action suit will lie against a banking company. A copy of every application filed u/s. 241 or 245 shall be filed with the RoC and RD and the Tribunal shall take into consideration of the representations if any made by the Central Govt. before any order is passed. In case of any failure to comply with an order passed by the Tribunal, the Company is punishable with a fine of not less than Rs. 5 lakhs and not more than Rs. 25 lakhs and every officer of the Co. who is in default shall be punishable with a term of imprisonment up to 3 years and with fine of not less than Rs. 25,000 and not more than Rs. 1 lakh.

As per Sec. 422, the NCLT/NCLAT shall dispose of every application or petition and every appeal as expeditiously as possible and endeavour shall be made for the disposal within 3 months from the date of its presentation failing which it shall record its reasons for not disposing it within the said period and the President or Chairperson may extend the period by not exceeding 90 days.
Attn Members

The library is having a wide range of facilities including internet access. Quite a number of new books have been added. The refurbished library is having separate enclosures for the members and students in order to enable them to pursue their academic pursuits in calm atmosphere.

Yearly Library Subscription: Rs.500/- for Members and Rs.200 for Students per financial year. [April to March]

For further details please contact ICSI-SIRO, Chennai.

COMPANY SECRETARIES BENEVOLENT FUND

The Company Secretaries Benevolent Fund (CSBF) provides safety net to company secretaries who are members of the Fund and their family members in distress.

CSBF
- Registered under the Societies Registration Act, 1860
- Recognised under Section 12A of the Income Tax Act, 1961
- Subscription / Contribution to Fund qualifies for the deduction under section 80G of the Income Tax Act, 1961
- Has a membership of about 10,000

Eligibility
A member of the Institute of Company Secretaries of India is eligible for the membership of the CSBF.

How to join
- By making an application in Form A (available at www.icsi.edu/csbf) along with one time subscription of 7,500/-.
- One can submit Form A and also the subscription amount of 7500 ONLINE through Institute’s web portal: www.icsi.in. Alternatively, he can submit Form A, along with a Demand Draft or Cheque for 7500 drawn in favour of ‘Company Secretaries Benevolent Fund’, at any of the Offices of the Institute/ Regional Offices/Chapters.

Benefits
- 5,00,000 in the event of death of a member under the age of 60 years
- 2,00,000 in the event of death of a member above the age of 60 years
- 20,000 per child (upto two children) for education of minor children of a deceased member
- 60,000 for medical expenses
- Limited benefits for company secretaries who are not members of the CSBF

Contact
For further information/ clarification, please write at email id csbf@icsi.edu or contact Ms. Anita Mehra, Desk Officer on telephone no. 011-45341049.

For more details please visit www.icsi.edu/csbf

ICSI-SIRC LIBRARY

The library is having a wide range of facilities including internet access. Quite a number of new books have been added. The refurbished library is having separate enclosures for the members and students in order to enable them to pursue their academic pursuits in calm atmosphere.

Yearly Library Subscription: Rs.500/- for Members and Rs.200 for Students per financial year. [April to March]

For further details please contact ICSI-SIRO, Chennai.

SPARING THE FACILITIES AT ICSI-SIRC HOUSE

The ICSI-SIRC House is having two halls – Dr A C Muthiah Conference Hall and LV B Hall. These halls are being let out to conduct in-house meetings of the companies; arbitration meetings; board meetings; EGM and other similar types of programmes. These halls are having adequate facilities like mike facilities, lift, fully backed power supply, ample parking space. The ICSI-SIRC is centrally located. For further details, please contact, ICSI-SIRO.
Attn Members & Students

Steps for Uploading of scanned image of photograph and signatures by the Members on the Website of the Institute

1. Login to portal www.icsi.edu.
2. Click online services on the right top corner and then click 'Login' on page.
3. Fill the User name: Enter your membership number (like A1234) as per the sample given on the page.
4. Password. Fill the password. In case you do not have a password, you may retrieve your password if your email is already registered in the Institute. Alternatively you may send an email request for password with your ACS / FCS membership number to meena.bisht@icsi.edu
5. After login, go to 'Members Option' (from top menu) then click on “My Account“
6. Click on Manage Image
7. Then upload your Photo (passport size) and Signature and click on Upload button.

GRIEVANCE REDRESSAL MODULE FOR STUDENTS AND MEMBERS

The Institute in its endeavor to improve the service delivery system has made available to the Members, Students an online grievance redressal mechanism on the Institute’s website www.icsi.edu. The students and members are requested to login to 'Online Services' and select the 'Grievance' option in the 'Home' button for lodging their queries/requests under appropriate topic/subject matter. Queries/requests would be attended by the respective directorates and the same would be checked from time to time under the grievance redressal mechanism.

19th MANAGEMENT SKILLS ORIENTATION PROGRAMME [MSOP]

<table>
<thead>
<tr>
<th>Batch No.</th>
<th>Date &amp; Fee</th>
<th>Venue of Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>19th Batch of MSOP</td>
<td>12th March 2014 to 28th March 2014 Fee: Rs.5,000/- [Excluding Lunch] Last date to apply: 10th March 2014</td>
<td>ICSI-SIRC House, 9, Wheat Crofts Road, Nungambakkam, Chennai – 600 034.</td>
</tr>
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COMMENCEMENT OF ORAL COACHING CLASSES [NEW SYLLABUS]

<table>
<thead>
<tr>
<th>Stage</th>
<th>Date of Commencement</th>
<th>Timings</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oral Coaching Classes for Professional Programme Module-I (Morning) for June 2014 examination</td>
<td>03.03.2014</td>
<td>06.30 a.m. to 08.30 a.m.</td>
<td>Rs.5600/-</td>
</tr>
<tr>
<td>Oral Coaching Classes for Professional Programme Module-II (Evening) for June 2014 examination</td>
<td>03.03.2014</td>
<td>06.30 a.m. to 08.30 a.m.</td>
<td>Rs.5600/-</td>
</tr>
</tbody>
</table>

For details, contact:

Phone: 044 – 28279898 / 28268685/28222212
Email: siro@icsi.edu

42