



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

0/L

PD: MCA/ Jan

10th January, 2020

Shri Injeti Srinivas, IAS
Secretary, Ministry of Corporate Affairs
Government of India
Shastri Bhawan, Dr. Rajendra Prasad Road
New Delhi – 110 001

प्राप्ति एवं प्रेषक अनुभाग/R & I Section
भारत सरकार/Govt. of India
कार्पोरेट कार्य मंत्रालय
Ministry of Corporate Affairs
डा. सं./Dy. No. 56
दिनांक/Date 10/1/2020

Sir,

Subject: Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020

This has reference to Ministry's Notification dated 3rd January, 2020 amending the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 thereby altering the limits for mandatory appointment of Whole-Time Company Secretaries from rupees 5 (five) crore to rupees 10 (ten) crore.

We humbly submit that the amendment has caused apprehension in the minds of our members and students and there has been lot of resentment in the fraternity across the country.

Company Secretary is recognised as Compliance Officer under the Companies Act as well as by other Regulators such as SEBI. His role includes advising the Board on good governance practices and compliance of rules and regulations. He commands high position in the value chain and acts as conscience keeper of the company. The Company Secretary is a unique interface between the Board and management and as such acts as an important link between the Board and the business.

The Company Secretary has an important role to play in organising and implementation of decisions of Board, its Committees and the general body meetings mandated under law. With greater focus on governance, the stakeholders' expectations are increasing and it is this need that has led to rise of the importance of role of Company Secretary.

In view of the above, it is in the best interest of the corporate world, to have Whole-Time Company Secretary, who protects and promotes Corporate Governance.

Hence, we humbly request your good office to kindly consider further amendment in the rule, taking into kind consideration, following suggestions:

Suggestion 1:

Every company which has a paid up share capital of more than five crore rupees and upto ten crore rupees and

- turnover of hundred crore rupees or more; or
- outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more;

shall have a Whole-Time Company Secretary.

Gyand Pandey

Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। इष्टकारं कुरु। कृतेषु कुरु। कुरु।

Mission

"To develop high calibre professionals facilitating good corporate governance"



Explanation:- For the purposes of this sub-rule, the paid-up share capital, turnover, or outstanding loans or borrowings as the case may be, existing on the last date of latest audited financial statement may be taken into account.

Or Alternate Suggestion 2:

Every company which has:

- a) a paid up share capital of ten crore rupees or more; or
- b) turnover of one hundred crore rupees or more; or
- c) outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more;

shall have a Whole-Time Company Secretary.

Explanation:- For the purposes of this sub-rule, the paid up share capital, turnover, or outstanding loans or borrowings as the case may be, existing on the last date of latest audited financial statement may be taken into account.

Justification for submission

The companies have proper and significant business operations which triggers compliance with various laws. In absence of services of Whole-Time Company Secretaries, these active companies may be exposed to greater regulatory risk and non-compliances. Further, in such companies, public interest is also involved and following good governance practices becomes more significant.

We request you to kindly consider the above submissions favorably and we shall be pleased to provide any further information or clarification on hearing from MCA.

Thanking you,

Yours faithfully,

(CS Ranjeet Pandey)

President

The Institute of Company Secretaries of India