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CHARTERED SECRETARY

THE JOURNAL FOR CORPORATE PROFESSIONALS

ONE NATION ONE TAX

GST

GOOD AND SIMPLE TAX



सत्यं वद। धर्मं चर।
"Speak the truth and follow the law"

THE INSTITUTE OF
Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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GST

TODAY, WE EMBRACE GST AND ACCELERATE INDIA'S ECONOMIC GROWTH



Shri Narendra Modi
Prime Minister of India

ICSI salutes **Shri Narendra Modi** for realising the vision of **One Nation, One Tax**

The Institute of Company Secretaries of India (ICSI) compliments Hon'ble Prime Minister Shri Narendra Modi for this historic landmark that shall redefine indirect taxation in India. The ICSI has always supported Government of India in all its growth initiatives and accordingly extends its support towards successful transition and implementation of Goods & Services Tax Act.

Advantages of GST include

- Replaces multiple indirect tax levies such as Excise, VAT and Service Tax
- Lower compliance cost. Online simpler procedure under GST
- Evasion will drop
- Increased efficiency in logistics
- Lead to accelerated development of common national market

Company Secretary- Serving you GST solutions

As per Section 48(1) of the Central Goods & Services Tax Act, 2017 (CGST), a Company Secretary is fully authorised and qualified to practice GST. You can avail amongst the following services:

- Furnish details of outward/inward supplies
- Furnish monthly, quarterly, annual or Final Return
- Make deposit for credit into Electronic Cash Register
- File a claim for return
- File an application for amendment or cancellation of registration

ICSI Key Initiatives on GST

- Organised Webinar Series on GST to help all stakeholders to embrace GST
- Celebrating GST Awareness Month through sharing knowledge & resource material
- Launched GST Corner on ICSI website to provide regular updates on GST
- Joined hands with industry chambers for workshops on GST

The launch of GST is indeed a historic turning point for India's economy. This greatest reform in our taxation shall truly redefine the economic horizons of India. ICSI congratulates Prime Minister Shri Narendra Modi Ji on this path breaking landmark with an assurance that the entire CS fraternity stands committed to support and ensure a successful implementation of GST across the nation.

CS (Dr.) Shyam Agrawal
President, ICSI



**THE INSTITUTE OF
Company Secretaries of India**

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Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टकारं कुरु। तपसोः क्रमेणैव सु कुरु।

Mission

"To develop high calibre professionals facilitating good corporate governance"

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अरुण जेटली
वित्त, कार्पोरेट कार्य
एवं रक्षा मंत्री
भारत



Arun Jaitley
Minister of Finance, Corporate Affairs
and Defence
India

5th July, 2017

MESSAGE

India is moving ahead at a swift pace with the implementation of Goods and Services Tax (GST) regime with effect from 1st July, 2017 onwards. GST regime aims at bringing about an integrated tax structure throughout the nation and creating a common market for all the consumers. With GST, India will ensue towards a bright future, making a place amongst the global economic super powers. GST will also boost the exports and in turn support the “Make in India” initiative of the Government benefitting the domestic industry. GST will allow seamless flow of Input Tax Credit across the supply chain and will bring about the “Ease of Doing Business”. In this hour of need, I am happy that the Institute of Company Secretaries has taken an initiative to publish a “Beginners Guide on Goods & Services Tax” for spreading awareness amongst the people at large. It is a constructive step towards making public and all stakeholders aware about the modalities of GST.

I am certain that this informative publication will help in better understanding of GST related matters amongst the common man.


(Arun Jaitley)



THE INSTITUTE OF Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE
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The Institute of Company Secretaries of India (ICSI) compliments Hon'ble Prime Minister Shri Narendra Modi in making the dream of One Nation, One Tax, One Market come true. The Goods and Services Tax (GST) is India's biggest tax-reform till date and shall redefine indirect taxation in India. GST will be a boon for business and industry as it is going to pave a new way of tax regime in the country by providing easy compliance, uniformity of tax rates and structures.

The ICSI has always supported Government of India in all its growth initiatives. The entire fraternity of Company Secretaries stand united and prepared to extend their contribution towards ensuring the successful transition and implementation of Goods & Services Tax Act.

CS (Dr.) Shyam Agrawal
President, The ICSI

Vision

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

Motto

सत्यं वद। धर्मं चर। इच्छते तेन तृपतेः श्रेयते इयं त्रयः।

Mission

"To develop high calibre professionals facilitating good corporate governance"



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

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- 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 over 12,000

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 ₹10,000/-.
- One can submit Form A and also the subscription amount of ₹10,000/- ONLINE through Institute's web portal: www.icsi.edu. Alternatively, he can submit Form A, along with a Demand Draft or Cheque for ₹10,000/- drawn in favour of 'Company Secretaries Benevolent Fund', at any of the Offices of the Institute/ Regional Offices/Chapters.

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- Upto ₹3,00,000 in the event of death of a member above the age of 60 years
- Upto ₹40,000 per child (upto two children) for education of minor children of a deceased member in deserving cases
- Upto ₹60,000 for medical expenses in deserving cases
- 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 Mr. Saurabh Bansal, Executive on telephone no.011-45341088.

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

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1. Meeting of ICSI delegation with K K Jalan (Secretary, Ministry of Micro, Small & Medium Enterprises) – Sitting clockwise from Left: K K Jalan, CS Sonia Baijal, CS (Dr.) Shyam Agrawal and CS Mahavir Lunawat.
2. Meeting of ICSI delegation with Dr. Madhukar Gupta (Additional Secretary, Department of Public Enterprises) – Sitting clockwise from Left: Dr. Madhukar Gupta, CS (Dr.) Shyam Agrawal and CS Mahavir Lunawat.
3. Meeting of ICSI delegation with R.Romawia (Cabinet Minister for Higher & Technical Education, Mizoram) - Standing among other from Left: Ankur Yadav, CS (Dr.) Shyam Agrawal and R.Romawia.
4. Meeting of ICSI delegation with Consul General of India, St. Petersburg, Russia – Standing from Left: CS Atul H Mehta, Arun Kumar Sharma (Consul General of India, St. Petersburg, Russia), CS (Dr.) Shyam Agrawal, CS Rajeev Bhabri and CS Surya Narayan Mishra.
5. Meeting with Alexander Kamenskiy (Head of Corporate Governance Dept., Moscow Exchange) and Semenov Alexander (ED, National Association of Corporate Secretaries) - CS (Dr.) Shyam Agrawal presenting SS1 and SS 2 to Semenov Alexander. Standing among others from Right: CS Rajeev Bhabri, CS S N Mishra and CS Atul H Mehta.
6. Meeting of ICSI delegation with K D Dewal, First Secretary (HOC & Commercial) Head of Chancery's Office, Indian Embassy, Moscow, Russia – Sitting from Left: CS S N Mishra, CS Rajeev Bhabri, CS Atul H Mehta, CS (Dr.) Shyam Agrawal and K D Dewal.
7. Twelfth International Conference of ICSI on Strategic Leadership and Board Responsibilities held at Moscow, Russia – CS Ashok Tyagi addressing. Others sitting from Left: CS B Narasimhan, CS Ilam C Kamboj, CS (Dr.) Shyam Agrawal, CS N K Jain and CS Shalini.
8. Twelfth International Conference of ICSI on Strategic Leadership and Board Responsibilities held at Moscow, Russia - Group photo of participants.



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9. PCS Day Celebration – CS Virendra Bhat addressing. Others standing from Left: CS N K Jain, CS Rajeev Bhambri and CS (Dr.) Shyam Agrawal.
10. First meeting of ICSI task Force on Audit/ Due Diligence/ Compliance of SEBI Laws - Standing from Left: Dr. Gargi Rajvanshi, CS Mahavir Lunawat, Dr. V R Narasimhan (Chief Regulations, NSE of India Ltd.), CS Nilesh Shah, J N Gupta (Former ED, SEBI and Founder and MD, Stakeholders Empowerment Services Private Ltd.), Robert Pavrey (Robert Pavrey and Associates), B Renganathan (Ex. VP and Group CS, Edelweiss Financial Services Ltd.), Nikhin Jain, CS Janak C Pandya, K C Kaushik and Ashwin Khargar.
- 11 & 12. A view of the 2nd ICSI GST Core Advisory Group meeting in progress under the Chairmanship of Dr. Girish Ahuja.
13. A glimpse of the ICSI Mega Career Awareness Programme held in Association with Pachhunga University College, Aizawl.
14. opening of ICSI Aizawl Study Centre.
- 15 & 16. International Yoga Day, 2017 – Team ICSI performing yoga and Group photo of Secretary and HoDs with yoga instructress Pooja Sharma.
- 17 & 18. CS (Dr.) Shyam Agrawal awarding some of the winners of the First International Company Secretaries Olympiad at India Habitat Centre, New Delhi.

18th National Conference of Practising Company Secretaries, Shillong, Meghalaya



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19. 18th National Conference of Practising Company Secretaries on Enterprising India – Role of Professionals in New Age India – CS S K Agrawala addressing. Others sitting from Left: CS Dinesh C Arora, CS (Dr.) Shyam Agrawal, Hon'ble Justice Dinesh Maheshwari (Chief Justice, Meghalaya High Court), CS Makarand Lele, CS Ashish C Doshi, CS Siddhartha Murarka and CS Amit Pareek.
- 20-22. Address by Hon'ble Justice Dinesh Maheshwari (Chief Justice, Meghalaya High Court), CS (Dr.) Shyam Agrawal and CS Makarand Lele.
- 23-26. Release of National Conference Souvenir cum Background, ICSI publication titled Beginners Guide on GST, launch of Fee waiver Scheme and Corporate Leadership Development Programme.
- 27-28 Speakers of the Second session of the Conference – Sitting on the dais from Left: Vijay M Batra (Corporate Trainer), CS Mahesh Shah and CS Nesar Ahmad.
29. 18th National Conference of Practising Company Secretaries on Enterprising India – Role of Professionals in New Age India - Group Photo - Speakers of second day of the programme Sitting on the dais from Left: Anil Saraf (Advisor to Department of Industries & Commerce, Government of Assam), Gautam Chintey (Adviser (Banking, Industries & Tourism), NEC, Ministry of Development of North Eastern Region, Government of India), Shehla Rehman (Secretary, Department of Industries & Commerce, Government of Assam) seen with President, Vice President, Council Members, Secretary ICSI and some of the participants.



My Valued Colleagues

While addressing the nation at the Central Hall of Parliament on launch of GST, Hon'ble Prime Minister Narendra Modi had cited "Today, the GST Council had its 18th meeting. It is a coincidence that the Bhagavad Gita also has 18 chapters". Listening to this address, following Shalokas' from Kathopanishad and Bhagvad Gita stressing immortality of soul radiated in my mind:

न जायते म्रियते वा विपश्चिन्नायं कुतश्चिन्न बभूव कश्चित् ।
 अजो नित्यः शाश्वतोऽयं पुराणो न हन्यते हन्यमाने शरीरे ।।१८।।
 na jāyate mriyate vā vipaśhchin nāyaṁ kutaśhchin
 na babhūva kaśhchit
 ajo nityaḥ śhāśhvato 'yaṁ purāṇo na hanyate
 hanyamāne śharīre (1.2.18) [v25]
 - Kathopanishad

"The soul is not born, nor does it die; it did not spring from something, and nothing sprang from it. It is unborn, eternal, immortal, and ageless. It is not destroyed when the body is destroyed."

न जायते म्रियते वा कदाचिनायं भूत्वां भविता वा न भूयः ।
 अजो नित्यः शाश्वतोऽयं पुराणो न हन्यते हन्यमाने शरीरे ।।२०।।
 na jāyate mriyate vā kadāchin nāyaṁ bhūtvā
 bhavitā vā na bhūyaḥ
 ajo nityaḥ śhāśhvato 'yaṁ purāṇo na hanyate
 hanyamāne śharīre

BG 2.20: The soul is neither born, nor does it ever die; nor having once existed, does it ever cease to be. The soul is without birth, eternal, immortal, and ageless. It is not destroyed when the body is destroyed. - Bhagvad Gita

Therefore, both Shalokas from our ancient literature seem to be so apt in the context of this historical change as the old 'body' of these multi-layered tax structure in India consisting of 17 taxes and 23 cesses has changed its form to take form of a new 'body' which beautifully unleashed the concept of 'One Tax, One Nation: GST'. This was paramount to streamline the country's \$2-trillion economy and 1.3 billion people into a common market to give a push to ease of doing business in India. The entire fraternity of Company Secretaries stands united and prepared to extend its contribution towards ensuring successful transition towards GST. To support the Government in this neoteric reform, we have taken many initiatives highlighted in this issue of Chartered Secretary besides dedicating this issue to GST exclusively.

Moving forward, the year 2017, a landmark year, when ICSI is going to celebrate its Golden Jubilee, is also a year, when along with celebrating the 50 glorious years of our profession, along with feeling fortunate to be the torch bearer of ICSI in this historical year, I also have a complete sense of trust placed on us by the stakeholders. In the contemporary context, we are exploring all avenues to nurture excellent governance professionals and are making 360 degree efforts in this direction.

To start with, we are working towards sketching a 'Vision 2022' document to find out the **roadmap ICSI should adopt in future for the Company Secretary course for its students so as to Groom World Class Governance Professionals**. We have invited your participation in deciding this roadmap in this issue, I trust that all of you would come forward to sketch this Vision and shape a New ICSI.

Further, we have also formally adopted the Motto of ICSI as “**Satyam Vada, Dharmam Chara** - Speak the Truth, Abide by the Law” the quote which ICSI professionals have been believing and living with since inception of this profession.

It is our core objective to make our profession a benchmark for global governance institutes, therefore, endeavours have been made for a complete refurbishment to shape our New ICSI. A brief account of such endeavours is as under:

- **Revisiting Curriculum Mapping:** A curriculum is considered the “heart” of any learning institution. Curriculum reform has a greater role to play as it instils life-long learning competencies in a learner. Keeping this in mind, the Institute is in the process of revamping the curriculum to keep our future professionals abreast of the contemporary developments. In the year 2017, we have already introduced new syllabus for Foundation level while curriculum development for Executive and Professional levels is in pipeline.
- **Creating a Holistic Learning Pedagogy:** Excellent content developed through curriculum mapping needs support of outstanding pedagogy. Therefore, ICSI has come up with commendable e-learning mechanism for students on Pan India basis. Not only this, if the students who are not able to use e-learning mechanism due to any reason, an additional facility of ‘Academic Helpline’ to help them understand concepts over phone at flexible hours has been provided. Besides, to enable the students to network virtually to discuss study related matters, a Virtual Learning through SMASH has been provided.
- **Strengthening Infrastructure:** The Institute is growing by leaps and bounds on infrastructural development end. Whereas the construction of new building of Udaipur and Guwahati Chapters have been almost completed, the new Building Project for Centre of Excellence, Hyderabad is near completion. Further, the Institute has secured a plot for Raipur and Gurgaon Chapter.
- **Revamping Examination System:** Any learning program must provide a balanced and fair evaluation of each student. Therefore, examination system of every learning institution must be capable of defining the actual degree of intelligence of the learner. Keeping this in mind, different alternatives of assessing credibility of the students by way of examination are being explored. Also, examination enrolment system has been digitized through SMASH registering one lakh students for June 2017 exams.
- **Inculcating Requisite Skills for Future Members:** Concrete leadership and professional skills are must before stepping in to start a career. To bridge the skill gap inherent in distance learning mode of learning, ICSI has come up with a novel 90 days Corporate Leadership Development Program. As the cost of this leadership program should not

become a hassle for the students keen to pursue this the program will be highly subsidized. On a pilot basis, a 45 days residential program for professional pass out students has been launched to shape accomplished and sanguine future KMPs.

- **Stepping Stone for Placements:** For providing initial support to the young members of the Institute to steer the direction of their careers, the Institute organized a Mega Placement Drive in all its regions PAN India in the month of May 2017. This drive has been taken well by the corporate and ICSI will be launching similar drives in the months to come.

All these initiatives are an attempt to provide every support to our students to become a ‘World Class Governance Professional’ and to shape New ICSI.

Extending Support to Our Professional Fraternity

With the continuous developments in the external environment, the role of professionals needs to be redefined continuously to avail the opportunities emerging in this environment. A host of steps have been taken for our members so that they can strive towards professional excellence such as:

- **Opening International Avenues for Our Fraternity:** We are making best efforts to put ICSI on world map by exploring novel opportunities and gaining international recognitions for our members. For this, a clear understanding has been arrived at with the ICSA-UK to the effect that an ICSI member having secured the membership of ICSA-UK desires to shift base to another division, is now eligible to do so. Not only this, a delegation led by me met with H.E. Mrs. Suchitra Durai, High Commission of India, Nairobi, Kenya during our Kenya visit and as a result, the link of ICSI website has been successfully placed at High Commission’s website for reference of investors keen to invest in India. Deliberations with various other organisations of International repute are also ongoing so as to create opportunities for our CS professionals when such foreign investors become attracted to invest in India.
- **Knowledge Building Initiatives for Members:** The initiatives taken in this year to provide efficient services to our members include:
 - **Exploring Joint Programs with IIMs:** For skill enhancement of the members, ICSI is exploring possibility of conducting joint programs with Institutes of repute such as IIMs. This is a step to ensure edifying world class governance practices to our members.
 - **Companies Act, 2013 “Enable, Evaluate, Excel”:** The Institute is organising a weekend webinar series “Enable, Evaluate, Excel” on the Companies Act, 2013 specially for the young members who have been admitted during the transition periods before notification of the Companies Act, 2013. This special drive for such members has been well received by the members to revive, refresh and sharpen

their knowledge on the Companies Act, 2013. Further, in order to enable members to evaluate their knowledge on the subject, The ICSI, on completion of webinar series, provides an opportunity of online self-evaluation.

- ✚ **Quest Assist:** Quest Assist is a platform to reply the queries and difficulties of members pertaining to the Companies Act, 2013 and Rules and Notifications issued thereunder and issues related to E-filing.
- ✚ **GST Point:** To serve as a facilitating platform to resolve the queries, inquiries and challenges faced by consumers, manufacturers, traders, MSMEs, professionals, public at large, etc. in understanding and implementing the provisions of Law(s) on Goods and Services Tax.
- ✚ **Goods and Services Tax Newsletter:** To cover recent updates and news under GST, glimpse of events organised by ICSI on GST and a list of upcoming events along with articles, FAQs and other related material.
- ✚ **Amrut Dhara:** Perspective understanding of governance and management from Ancient India and Indian Epics.
- ✚ **Gyan Jyoti:** A series of research write-ups on various contemporary issues and topics.
- ✚ **Info Capsules:** For providing information on all the recent developments and issues concerning not only the profession but the economy as a whole.
- ✚ **ICSI FinanCS:** Publishes opportunities and key developments in Financial Services space.
- ✚ **Student Professionals Today:** A journal for supplementing knowledge of CS students in various spheres.
- ✚ **ICSI-CCGRT Geeta Saar:** A Brief Premier on Company Law
- ✚ **ICSI-CCGRT E-Bulletin Chintanam**
- ✚ **Gyan Moti:** A daily quote on ICSI homepage extracted out of rich ancient Indian literature.

Further, ICSI has also endeavoured to provide various publications of the Institute free of cost to our members, the soft copy of which is available and downloadable at the link. The link for the publications is http://www.icsi.edu/PCS_Pub.aspx. I urge all of you to take maximum benefit out of the same.

- **Strengthening Disciplinary Mechanism:** The Institute is in the process of streamlining and strengthening its Disciplinary Mechanism by further enhancing Good Governance practices, in tune with the Government of India's endeavour to further strengthen the Disciplinary Mechanism across all the three professional Institutes and a National effort to streamline the corporate governance.
- **Towards a Digital ICSI :** With a view to pace up the Institute's services under the realm of Digital India and cutting edge information and communication technology, ICSI has taken various strides and following electronic services has been introduced:

- ✚ Revamping home page of ICSI website
- ✚ Converting Chartered Secretary in to a reader friendly e-magazine form
- ✚ Option to buy publications of ICSI online through our website
- ✚ Launch of website of ICSI-Insolvency Professional Agency
- ✚ ICSI Financial Services e-helpdesk
- ✚ Option to view credit hours online by the members
- ✚ Online payment of membership fees without login
- ✚ Launch of GST app
- ✚ Online Certificate Course on Goods and Services Tax jointly with NIFM

- **Recognitions to Company Secretaries in Practice:** Arrays of recognitions are being accorded to Company Secretaries under various central and state laws. In this context, the Institute brought out the publication titled 'Areas of Recognitions to Company Secretary in Practice under Various Laws' to apprise the members about the vast world of recognitions under various laws of the country.
- **Core Group/Task forces :** For capacity building and deciding way forward for profession, the Institute has constituted following Core Groups/ Task force in areas related to profession:
 - ✚ ICSI GST Core Advisory Group
 - ✚ Core Group on Labour Laws
 - ✚ Core Group on NCLT
 - ✚ Core Group on Intellectual Property Rights
 - ✚ Task Force on Company Law for all four regions
 - ✚ Task Force for Diligence Report
 - ✚ Task Force on Audit/Due Diligence/ Compliance of SEBI Laws
- **Increasing Virtual Presence of ICSI through Social Media:** The Institute is making every endeavour to communicate initiatives taken by us through social media such as Twitter, Facebook and LinkedIn. The response to this real time media has been huge and this has been appreciated by stakeholders at large.
- **Exploring opportunity for members in the sphere of 'Insurance Industry':** With the objective of expanding the expertise of the professionals and to create cadre of professionals in the insurance industry well versed in risk management, governance and regulatory compliances of insurance industry, the Institute entered in to a Memorandum of Association with Insurance Institute of India to jointly offer a "Certificate Course on Compliance, Governance and Risk Management in Insurance".
- **Capacity building in areas of Valuation and Internal Audit:** The Institute in collaboration with National Institute of Financial Management (NIFM) has launched Online Certificate Course in Valuation and Diploma in Internal Audit to offer an intensive instruction and training to augment the skills of Company Secretaries relevant in today's business

environment.

- **Empowering CS Women Members:** ICSI firmly believes that its women members are making an important contribution to the profession and are bringing 'heart' with 'mind' in this profession. Therefore, to recognise the journey of such women and to inspire future women members, a regular column has been dedicated to the women CS in our esteemed journal Chartered Secretary.

Extending Our Contribution towards Nation Building

Besides, taking above initiatives to become a global leader in promoting good corporate governance, the Institute is also extending its contribution towards New India. We are taking steps to:

- **Promoting Nationalism through adoption of Khadi:** For the first time in the history of ICSI, ICSI has done away with British Hangover during its Convocations and the newly inducted members received their membership in traditional Indian attires of Kurta Pyjamas (boys) and Sarees/Suits (girls) along with Tri-color Uttariya/stoles rather than the British era black gowns and headgear.
- Promote usage of our national language Hindi in the functioning of ICSI Pan India.
- **Swachh Bharat Abhiyan:** We are extending whole hearted contribution to the Swachh Bharat Abhiyan of Government of India.
- **Promoting Yoga:** In furtherance to the Institute's effort in keeping pace with the flagship initiatives of the Government, the Institute celebrated 3rd International Yoga Day on June 21, 2017 PAN India.
- **Encouraging MSME Entrepreneurs:** Institute is taking various measures to emphasize the role of MSMEs in the National progress, insight into the registration process of MSMEs, raising of finances as well as compliances with various regulatory obligations to help MSME Entrepreneurs in management and administration of their businesses in a sustainable manner.
- **A Guide to Ease of Doing Business in North Eastern Region:** In view of attainment of the objective of 'Balanced Regional Growth', it is imperative to create a congenial business environment in North-East thereby facilitating growth of business. In this backdrop, the book titled, "Ease of Doing Business" has been published to delve into various key facets pertaining to the business environment in North East.
- **Equal Opportunities for Students of Jammu & Kashmir and North-East India:** Lately, Government of India is placing special emphasis on development of states of Jammu and Kashmir and North-East (Ashtalakshmi) and has announced special packages for these states. ICSI has also followed the lead and has come out with a special 'Fee Waiver Scheme' to reach out the youth of North East and Jammu & Kashmir, for the Foundation and Executive Programme Stages. Not only this, The

Institute has also opened nine Study Centres in the North Eastern Region at Shillong, Jorhat, Tinsukia, Kharupetia, Gangtok, Dimapur, Itanagar, Agartala and Aizwal. Alongwith, The Institute recently organised one of its prestigious national level programme i.e. National PCS Conference 2017 in Shillong in the month of June.

- **ICSI Giri Sagar Vidhyarthi Vikas Yojana:** To reach out to the student community and schools/colleges in the coastal areas/hilly regions on pan India basis in around 300 cities.
- **Envisioning Local to Global (L2G) Governance:** The changing scenario in the sphere of Governance requires connecting the dots between 'Local to Global (L2G)' aspects of governance. Father of the Nation Mahatma Gandhi was also a strong believer of strengthening local self-government system and believed that every village must be strongly empowered to deal with local issues. Similarly, there is a need to pave the way for having universally accepted corporate governance norms. Keeping this in view, there is a need to expand the horizon of ICSI i.e. along with Corporate Governance to Citizen-centric approach where governance and development is activated at the grass root level. Along with, the need of the hour is to taking the cause of global governance to the new heights. Therefore, ICSI is coming up with two codes namely "Model Governance Code for Meetings of Gram Panchayats" and the "International Corporate Governance Code-ICGC". It strives to supplement such laws for promoting better governance in the functioning of Gram Panchayat.

Taking Care of Our Social Responsibility

- **Earth Day:** Practice of gifting planters than flowers to welcome guest has been initiated at all offices/chapters of ICSI to mark Earth Day celebrations.
- **World Environment Day:** To build the indulgence of the members, students and other stakeholders on "Connecting with Nature" and to urge them to get outdoors and into nature, to appreciate its beauty and to think about how we are part of nature and how intimately we depend on it, the Institute celebrated World Environment Day on June 5, 2017.

Supporting One Tax, One Nation: GST

- **GST POINT:** GST POINT is a platform to reply to the queries, difficulties and challenges faced by consumers, manufacturers, traders, MSMEs, public at large, professionals, etc. in understanding and implementation of the Goods and Services Tax Laws. The queries are being received and replied over phone on the issues and challenges faced by stakeholders in day to day working while implementing the GST. The help line is open for two hours, twice a week and the queries are addressed by subject experts. The queries may be raised at 011-45341095. In addition, Regional Councils/Chapters are also in the process of setting up physical counters of GST Point on the designated

days.

- **Beginners Guide to GST:** A Beginners Guide on GST has been released in the PCS Conference for circulation amongst public at large.
- **GST E-Book:** ICSI is coming out with an E-Book on Goods & Services Tax to be released soon.
- **GST App:** The Institute has launched ICSI GST App for public at large to enable users to get latest news, articles, regulations and various publications on GST by ICSI. An event list tab will keep the users updated about the events on GST organised by ICSI across India. Discussion Forum, a feature in the App will be updated soon where one will be able to discuss his queries relating to GST with experts of the Institute. The App is presently available on android platform and can be downloaded from Play Store.
- **Certificate Course in GST:** With a view to equip Company Secretaries with the skills and develop competency in the area of GST, ICSI has launched an Online Certificate Course on GST for its members. The course gives a comprehensive insight into the principles of GST as well as other nuances of the new indirect tax regime. The registration for this course on GST can be done at www.icsi.edu.
- **GST Master Classes:** ICSI is organizing Master Classes on Goods & Services Tax through its various Chapters and Regional Offices continually, making a wide coverage of the novel law.
- **GST Resource Persons:** With a view to support the smooth implementation of GST in India, ICSI is in the process of empanelling resource persons in GST who would further contribute in creating awareness and understanding about the facts, opportunities, challenges and way forward in the GST regime and promote capacity building initiatives in the varied areas of the new taxonomy.
- **GST Newsletter:** The Institute as part of its capacity building initiative under the new indirect tax regime and upholding the “One Tax One Nation” motto of the Government of India, has brought out a monthly newsletter dedicated to the Goods & Services Tax (GST). The GST Newsletter broadly aims to cover recent updates and news under GST, a glimpse of events organised by ICSI on GST and a list of upcoming events along with articles, FAQs and other related material.
- **GST Educational Series:** The Institute has also launched a daily Educational Series on Goods & Services Tax (GST) for the members and students to enhance knowledge of GST laws.
- **Formulation of a Core Advisory Group on GST:** A core group was constituted to deliberate on the intricacies of the novel law and for making submissions to Government by bringing experts on board.
- **Webinar Series:** A continuous series of webinars was conducted for disseminating understanding of the novel law.
- **Programmes on GST:** Various programmes are regularly being conducted at regional and chapter

levels as a part of capacity building initiatives of the ICSI and equipping professionals and students about the GST Law.

- **Representations:** The Core Group deliberates on issues relating to GST Law and thereby representations are made to the Ministry of Finance and other appropriate forums for the benefit of profession and industry.

Epilogue

With sharing a stock of these initiatives taken by ICSI in the year 2017, I seek active participation of all stakeholders in carrying out this saga of growth for the months and years to come because “Teamwork makes the Dreamwork”. A story will illustrate it more clearly:

When you see geese flying along in “V” formation, you might consider what science has discovered as to why they fly that way. As each bird flaps its wings, it creates an uplift for the bird immediately following. By flying in “V” formation, the whole flock adds at least 71 per cent greater flying range than if each bird flew on its own. People who share a common direction and sense of community can get where they are going more quickly and easily because they are traveling on the thrust of one another.

When a goose falls out of formation, it suddenly feels the drag and resistance of trying to go it alone and quickly gets back into formation to take advantage of the lifting power of the bird in front. If we have as much sense as a goose, we will stay in formation with those people who are headed the same way as we are. When the head goose gets tired, it rotates back in the wing and another goose flies point. It is sensible to take turns doing demanding jobs, whether with people or with geese flying south. Geese honk from behind to encourage those up front to keep up their speed.

What messages do we give when we honk from behind? Finally — and this is important — when a goose gets sick or is wounded by gunshot, and falls out of formation, two other geese fall out with that goose and follow it down to lend help and protection. They stay with the fallen goose until it is able to fly or until it dies, and only then do they launch out on their own, or with another formation to catch up with their group.

If we have the sense of a goose, we will stand by each other like that. Let us all build a ‘New India’ a ‘New ICSI’.

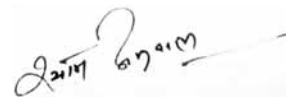
Happy reading.

Best wishes

Yours sincerely

July 14, 2017

New Delhi



सी एस (डॉ.) श्याम अग्रवाल
अध्यक्ष, भारतीय कंपनी सचिव संस्थान

RECENT INITIATIVES TAKEN BY ICSI

In furtherance to our earlier communications, we are pleased to share the following initiatives taken by the Institute during the month of June, 2017:

1. Meeting with Dignitaries

Taking forward our pursuit for exploring opportunities for the profession and also for joint participation in flagship government initiatives, the Institute met the following dignitaries:

- Shri R. Romawia, Cabinet Minister for Higher and Technical Education, Mizoram.
- Shri K.K. Jalan, Secretary, Ministry of Micro, Small and Medium Enterprises.
- Dr. Madhukar Gupta, Additional Secretary, Department of Public Enterprises.
- Professor A Damodaran, Vice Chancellor, Shri Venkateshwara University, Tirupati.

2. 18th National Conference of Practicing Company Secretaries

As you are aware that National Conference of the Practicing Company Secretaries is one of the mega annual congregations of the members of the Institute to build capacity of its members through an annual symposium conducted on the cutting edge and contemporary trends in the related field of knowledge and practice. This year, the 18th National Conference of Practicing Company Secretaries was magnificently inaugurated with the graceful presence of Mr. Justice Dinesh Maheshwari, Hon'ble Chief Justice, High Court of Meghalaya as a Chief Guest of the event, at State Convention Centre, Shillong, Meghalaya during June 24-25, 2017. This two days conference witnessed successful deliberations on the integral role of the professionals in Enterprising India aligning their role and contributions towards smoothly achieving the vision 'New Age India'.

3. PCS Day, 2017

With a view to celebrate the historic day for the profession of Company Secretaries for paving the way towards real admiration, recognition and credit of professional excellence in compliance and governance, the Institute celebrated PCS Day on June 15, 2017 throughout the country, by organizing various interactive meets, lectures, learning programs deliberating towards awareness on the existing recognition for PCS along with the emerging areas of practice. It is indeed worth to note that members PAN India participated in the event with pronounced zeal.

4. International Yoga Day

"Yoga is a Journey of Self; Through Self, To Self". In furtherance to the Institutes' effort in keeping pace with the flagship initiatives of the Government, the Institute celebrated 3rd International Yoga Day on June 21,

2017 by organizing various yoga sessions PAN India.

5. World Environment Day

To build the indulgence of the members, students and other stakeholders on "Connecting with Nature" and to urge them to get outdoors and into nature, to appreciate its beauty and to think about how we are part of nature and how intimately we depend on it, the Institute celebrated World Environment Day on June 5, 2017. A message from the desk of the President, ICSI addressing members and students has been issued in bidding them to take a pledge to plant at least one sapling and nurture it.

6. International Company Secretaries Olympiad

In continuation to the successful conduct and accomplishment of the 1st International Company Secretaries Olympiad, the Institute has announced the 2nd International Company Secretaries Olympiad for Academic Year 2017-2018, scheduled to be conducted on January 23 & January 30, 2018 respectively. We are contended that the students while registering the highest participation, would avail this unique opportunity for enhancing their reasoning and analytical skills along with winning attractive prize and awards.

For more details, kindly visit at <http://www.csolympiad.info> or call at 011-33132333 / 66204999

7. ICSI GST App

With a view to enable users to get latest news, articles, regulations and various publications on GST released by ICSI, the Institute has launched an ICSI GST App for public at large. An event list tab will keep the users updated about the events on GST organised by ICSI across India. Discussion Forum, a feature in the App will be updated soon where the users will be able to discuss their queries relating to GST with experts of the Institute of Company Secretaries of India. The App is presently available on android platform and can be downloaded from Play Store.

8. GST Point

In furtherance to the Institute's various initiatives in ensuring the effective implementation of GST through educating and apprising the public at large about the diverse facts and facets of Goods and Services Tax (GST), another feather has been added to the Institutes' cap with the launch of GST Point.

This GST Point would serve as a facilitating platform to resolve the queries, inquiries and challenges faced by consumers, manufacturers, traders, MSMEs, professionals public at large, etc. in understanding, implementing and applying the provisions of the Law on Goods and Services Tax.

9. Online Certificate Course on Goods and Services Tax

With an objective to equip the professionals with the skills and develop competency in the area of GST, Institute joined hands with National Institute of Financial Management (NIFM), Faridabad to offer an Online Certificate course in GST for its members. The course is aimed at giving the comprehensive insight about principles of GST as well as other nuances of the new indirect tax regime. It encourages the candidate to gain an understanding about relevancy of GST inclusively as well as ensures their preparedness towards the challenges ahead. Interested members may register for this course on GST on Institute's website at www.icsi.edu.

10. ICSI Task Force on Audit/Due Diligence/Compliance of SEBI Laws

With an objective to ensure comprehensive check and balances of compliances under SEBI law, periodically with the duly supported observations on compliance level and the reasons for lapses, if any along with the action plan to prevent recurrence of lapses, the Institute constituted an Expert Task Force on Audit/ Due Diligence/Compliance of SEBI Laws. This Task Force consists of the eminent experts in the related field.

11. Model Governance Code for Meetings of Gram Panchayat

As you are aware that when the governance is playing a prominent role to settle down the state of most acclaimed rights and duties for all in an equitable sphere with equality, on the same end, Institute is globally known being a pioneer in setting down the standards of governance all through the country at each and every tier of governance. In pursuance of this, to strengthen the perspective of governance at the grass root level of village panchayats, the Institute is coming up with a "Model Governance Code for Meetings of Gram Panchayats" which seeks to prescribe a set of principles for convening and conducting Meetings of Gram Panchayats and matters related thereto. With a view to make them at par with the level of excellence and brilliance, comments and suggestions from the members, professionals and related stakeholders were duly solicited latest by June 30, 2017.

12. International Corporate Governance Code

Our Institute is acclaimed for promoting excellence in Corporate Governance through its various efforts and measures being taken for the advancement of the governance in corporate world, also marks the global presence of its effective and efficient work to set down the standards of corporate governance at par with the contemporary world. In pursuance to our professional excellence in governance, the Institute initiated to conceptualize the International Corporate Governance Code for the first time in the world when no one has

ever thought of having a universally accepted Corporate Governance norms. In order to set this code, a work of distinction and merit, the Institute invites the suggestions from its members and related stakeholders latest by August 16, 2017.

13. Revised Criterion for Empanelment of Quality Reviewers

The Ministry of Corporate Affairs, has constituted a Quality Review Board of the Institute to make recommendations with regard to the quality of services provided by the members of the Institute; to review the quality of services provided by the members of the Institute including secretarial services; and to guide the members of the Institute to improve the quality of services and adherence with various statutory and other regulatory requirements. In continuation to this, revised eligibility criteria is being formed for the Quality Reviewers. Therefore, members fulfilling the revised criteria, and interested to join as Quality Reviewers, are requested to apply for being empaneled with the Quality Review Board of the Institute.

14. ICSI-Gennext Counsel Congress and Awards, 2017

The Institute joined hands as a Supporting Partner with Legal Era in organising the 6th Edition of Gennext Counsel Congress, 2017, a two day conference on the theme of 'Corporate Governance in the 21st Century' held on June 23-24, 2017 at Mumbai. President ICSI (Dr.) Shyam Agrawal represented the Institute through his address in the Opening Plenary, graced by Shri Arjun Ram Meghwal, Hon'ble Union Minister of State for Finance and Corporate Affairs as a Chief Guest of the Event.

15. 6th National Summit on Mergers and Acquisitions

With a view to make the Indian M&A ecosystem more conducive and robust, Institute associated with ASSOCHAM as an Institutional partner in organizing the 6th National Summit on Mergers and Acquisitions "Issues and Challenges under present Regulatory Framework" on July 15, 2017 in New Delhi.

16. Corporate Leadership Development Program

In today's fast paced competitive workplace environment, time and resources are at a premium for everyone, especially those who want to spearhead their careers while being engaged in leading-edge professions. Henceforth, the Institute is proposing to initiate a Corporate Leadership Development Program to create a comprehensive, streamlined, skill based facilitative training experience which would prepare members to enhance their career opportunities and vigor to entail the openings in organizations.

This Corporate Leadership Development Program would be three months compulsory residential training program for the professional programme pass out students before getting their membership. In the first

phase the Institute is launching 45 days residential Corporate Leadership Development program on pilot basis starting from August 1, 2017.

The program is well designed with seeking inputs from expert faculties, feedback from students and advice from the expert training facilitation committee comprising of industry experts and senior members. The participants successfully completing the program will be awarded a "Certificate of Participation" in the Corporate Leadership Development Program which will include MSOP certification to make them eligible for applying ACS membership.

17. My ICSI Virtual Platform

In order to create a comprehensive digital platform for the members, students and other stakeholders, wherein the varied services and facilities of the Institute could be availed with ease and efficacy, the Institute witnessed the launch of MY ICSI Virtual Platform through gracious hands of Justice Dinesh Maheshwari, Hon'ble Chief Justice, High Court of Meghalaya and CS (Dr.) Shyam Agarwal, President, ICSI on June 24, 2017. Along with providing a one stop solution for all the services and facilities of the Institute, the virtual platform also aims to encourage the hassle-free interface among the students, members and related stakeholders.

18. Student Month

With a view to provide a platform for the students to register their all-round development and to enhance their professional interface – inter as well as intra commune, the Institute is celebrating July, 2017 as the "Student Month". Various activities for the students have been planned during the month of July 2017 on PAN India basis through Regional Offices and Chapters of the Institute.

Along with organizing the events based on the core activities pertaining to the profession, the Institute is also taking up relevant social issues to inculcate collective values in the prospering professionals, which include Plantation of Trees, Blood Donation Camp on Doctor's day, Swachh Bharat Abhiyan, Declamation Competition on World Nature Conservation Day, Essay Writing Competition on Kargil Victory Day. It is an opportunity for the students to participate in these programmes and competitions as the same shall groom them in developing their overall personality.

To further strengthen the objective and vibrant awareness for the Student Month, a dedicated webpage has also been exclusively developed for the Student Month containing the exhaustive details of related activities, which would be updated on day to day basis. Students can visit the webpage on the website of the Institute at www.icsi.edu.

19. Study Centre Scheme

As you aware that the Institute has initiated the Study Centre Scheme with an objective to break the distance barrier for students belonging to cities/ locations in

which the representative offices of the Institute are not in existence. Under that scheme, so far, 43 Study Centers have been established in collaboration with reputed colleges in diverse locations.

In the month of June 2017, the following study centers have been established.

- Ismailsaheb Mulla Law College, Karmaveer Samadhi Parisar, Satara, Maharashtra.
- Janata Shikshan Mandal's Sau. Janakibai Dhondo Kunte Commerce College (JSM College), Alibagh, Raigad District, Maharashtra.
- Pachhunga University College, College Veng, Aizwal, Mizoram.

20. ICSI Signature Award Scheme

As you are aware that in January, 2016, Institute has initiated ICSI Signature Award Scheme, under which top rank holders in B.Com. Final Examinations of reputed universities and also specialised programmes/papers of IITs / IIMs are awarded a Gold Medal and a Certificate.

In furtherance to various certificates and awards so far, in the recent months, Two (2) more MOUs on ICSI Signature Award have been signed with the following Universities

1. University of Kalyani, West Bengal
2. Sri Dev Suman Uttarakhand University, Uttarakhand

21. Fees Waiver Scheme for Students of State of Jammu & Kashmir and North-Eastern States

As you are aware that the Institute has recently launched a Fee Waiver Scheme for students of Jammu & Kashmir and North Eastern States of India to provide an opportunity to the youth of these States to come to the mainstream. The fee waiver scheme includes waiving the Fee for the respective students till March 31, 2018. In pursuance to this initiative, it is gratifying to note that such humble contribution of the Institute towards nation building has been acknowledged by the Government of respective States which was duly visible during the Institute's interaction with some of the Chief Ministers, Education Ministers and Secretary (Education) of such States. The students from those States have already started registering for the CS course along with the benefit of the Scheme.

22. Development of IT Services

As you are aware that Institute is ahead in serving the interest of its stakeholders in the most opportune, advanced and simplest way, and therefore, time and again Institute keeps launching newly fangled IT services to ensure the quickest and easiest access to the Institute's initiative for its stakeholders. Continuing with the advancement of the previous months, in the month of June, 2017, Institute has come up with the following advancement in its Information technology

driven services:

- Launch of Child Portal for Fee Waiver Scheme
- Revamp of Credit Hour Module for New Block Year
- Launch of Quest E Assist Web Application
- Launch of eMSOP
- Launch of Mock Test Web Application for ICSI-IPA
- New MPLS Link Implementation at old and New Buildings of Noida
- Launch of eMagazine for Chartered Secretary
- Launch of Child Portal for International Facilitation Centre
- Launch of Child Portal for International Prospective
- Upgradation of home page of ICSI website with embedded sound.
- Roll out of following modules under SMASH:
- My ICSI Virtual Platform (blog / discussion forum)
- eSurvey module
- Chartered Secretary Subscription module (for students)
- Launch of Online form for admission to 45 days residential Corporate Leadership Development Programme (CLDP)

23. Convocation 2017

The Institute has adopted the Indian attire for convocation and accordingly, the existing attire (gown and cap) has now been done away with. The first convocation under the new dress code has been successfully held on 2nd July, 2017 at Chennai. About 200 Company Secretaries hailing from southern region were conferred with the Certificate of Membership. The dress code of ICSI Convocations is as under-

- (i) Male members shall wear white/cream coloured 'kurta' and white/cream coloured 'pyjama' with black/brown sandals or shoes.
- (ii) Female members shall wear white/cream coloured sarees with any colour border or white/cream coloured 'kameej' with white/cream coloured 'salwar', white/cream coloured 'dupatta' with black/brown shoes or sandals.
- (iii) There shall not be any headgear (excluding Sikhs).
An 'Angvastram' 'Stole/Uttariya' made of Khadi is issued to the members permanently at the time of registration, which they adorn around their neck and shoulders.

24. Meetings of the Task Force on Diligence Report for Banks

The Task Force on Diligence Report for Banks had its second meeting at Mumbai on June 20, 2017 and deliberated at length upon revamping the structure of the Diligence Report and further value addition therein.

25. Release of Publications

- (i) FAQs on Companies Act, 2013
Revised edition of 'Frequently Asked Questions or FAQs on the Companies Act, 2013' contains the

practical issues being faced by the professionals as have been brought before the Institute in the form of queries through dedicated e-mail/ through ICSI Quest – Assist (call -in platform) for the purpose. We are hopeful that this publication will be of practical value to not only practitioners and students but other stakeholders as well.

(ii) A Guide to Board Evaluation

To facilitate the board performance evaluation, the Institute has brought out this revised publication 'A Guide to Board Evaluation'. This publication discusses the need and importance of board evaluation, international trends, legal framework in India, methodologies, steps involved and post-evaluation activities. It also contains the Parameters and Sample models for evaluation of Chairperson, Managing Director, Executive Director, Non-executive director, Independent Director, Board as whole and the Committees and also provides guidance on how to conduct evaluation of Board. It also contains Current Trends in India with respect to board evaluation and analysis of Annual Reports of top 100 companies listed on Bombay Stock Exchange.

(iii) Ready Reckoner for Private companies

Governance is at the core of any business enterprise. The companies which are complying with the applicable provisions are termed as well governed companies. With a number of provisions being applicable to private companies and any breach thereof attracting penalty, it becomes imperative to bring out a comprehensive document which acts as ready reckoner and aids in making regulatory smoother, thereby giving the much needed focus on Private companies. This Ready Reckoner aims to give an easy to follow approach vis-à-vis the procedures and compliances to be observed by a private company under the Companies Act, 2013. The Reckoner has some of the checklists, chapter-wise compliances to be observed, and exemptions available etc. to the private companies.

(iv) Beginners Guide on Goods and Services Tax

To provide a basic understanding about GST to public at large and to make them aware of the various important concepts in GST.

(v) Handbook for MSME Entrepreneurs

It emphasizes on the role of MSMEs in the National progress. Insight into the registration process of MSMEs, raising of finances, as well as compliances with various regulatory obligations would help MSME Entrepreneurs in management and administration of their businesses in a sustainable manner.

(vi) TDS Ready Reckoner

To objectify capacity building of our members and advance their understanding in effectively discharging their professional accountabilities under TDS, the Institute has brought out the publication titled "TDS Ready Reckoner". This Ready Reckoner contains all aspects of Tax Deduction at Source, the detailed scheme of TDS, various deductions under TDS ,

procedural compliances as well as consequences for non-compliance.

(vii) Recognitions to Company Secretary in Practice
Arrays of recognitions are being accorded to Company Secretaries under various central and state laws. In this context, the Institute brought out the publication titled 'Areas of Recognitions to Company Secretary in Practice under Various Laws' to apprise the members about the vast world of recognitions in various laws of the country.

(viii) West Bengal- Ease of Doing Business for MSME Sector

In the entrepreneurial ecosystem the journey of an entrepreneur begins from conceiving an idea to developing it into a project proposal for starting a business. This publication covers basics of Micro, Small and Medium Enterprises Act, Entrepreneurship Development and the MSME Sector in West Bengal, West Bengal MSME Policy 2013-18, udyog Aadhaar Memorandum, Corporatisation of MSME, and the Role of Company Secretaries in MSME Sector.

(ix) A Guide to Ease of Doing Business in North Eastern Region

In view of the attainment of the objective of 'Balanced Regional Growth', it is imperative to create a congenial business environment in North-East thereby facilitating growth of business. In this backdrop, the book titled, "Ease of Doing Business" is an endeavor to delve into the various key facets pertaining to the business environment in North East.

(x) Serendipity of NBFCs in India – The Sustainability

Dimension : A study of Selected NBFCs

In light of the fact that NBFCs constitute an integral element of the Indian Financial System, and the crucial role they play in nation building and financial inclusion by complementing the banking sector in extending credit to the unbanked segments of the population, the research paper generates paramount research interest to comprehend the sustainability of NBFCs in India.

(xi) Espousing Corporate Governance through Shareholders Wealth Maximisation Trajectory

With the rise of shareholders activism, wealth maximization of shareholders have gained steam. Since equity shareholders are real owners of a company and embrace highest degree of risk, this research paper attempts to delve into wealth maximization scenario of selected Indian banking companies.

26. Launching of e- Quest Assist ICSI

As a knowledge building initiative, ICSI has launched 'ICSI Quest-eAssist' at 18th National Conference of Practising Company Secretaries at Shillong, Meghalaya on 24-25 June 2017, which is an online platform for members of ICSI where they can seek responses on the queries and difficulties pertaining to the Companies Act, 2013 and Rules and Notifications thereunder as well as issues related to e-filing.

It would initially focus on the queries relating to the Companies Act, 2013 and Rules and Notifications made thereunder and subsequently it would be extended to other laws like Securities laws, Insolvency and Bankruptcy and GST etc. The Link for raising the queries is: <http://www.icsi.in/QAS/MemberLogin.aspx>

Message



Introduction of GST is a revolutionary move and a determined effort is being made by the ICSI to provide correct guidance and accurate information on various provisions relating to implementation and compliance under this novel tax regime.

Goods and Services Tax (GST) is a flawless taxation system which would enhance transparency and timely compliances in the taxation structure. The success of GST depends upon its proper implementation and I believe if the appreciations among people are conquered, we can make a quantum leap towards a bright future.

I congratulate ICSI for bringing out an informational issue of Chartered Secretary entirely dedicated to GST.

(Dr. Girish Ahuja)
Chairman

ICSI-GST Core Advisory Group



**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

PD, PP&S/BM/19

June 19, 2017

Dear Professional Colleagues,

Greetings !

Sub. : ICSI Constituted Task Force on Audit/ Due Diligence/Compliance of SEBI Laws

Dear friends, ICSI have been actively engaged in promoting good corporate governance in the interest of society at large. ICSI members have been authorised by Govt., RBI, SEBI, IRDA and Stock Exchanges to issue various certifications and undertake audit of various market intermediaries.

The Institute has constituted Financial Services Committee to look after financial services as dedicated area of focus and amongst others, to formulate views / suggestions on various financial services related matters.

Based on the recommendations of Financial Services Committee, a need is felt that, SEBI law compliances need to be independently checked and verified, in detail, periodically with observations on compliance level with reasons for lapses, if any and action plan to prevent recurrence of lapses.

In this direction, ICSI has constituted an Expert Task Force on Audit/ Due Diligence/Compliance of SEBI Laws. We are pleased to share with you the details of eminent experts of the Task Force, viz.:

<i>S/Shri</i>	<i>Chairman/Member</i>
J N Gupta, Former Executive Director, SEBI and Founder and Managing Director, Stakeholders Empowerment Services Private Limited	Chairman
B. Renganathan, Executive Vice president & Group Company Secretary, Edelweiss Financial Services Limited	Member
Janak C. Pandya, Practising Company Secretary	Member
Mahavir Lunawat, Council Member, ICSI and Chairman, Financial Services Committee, ICSI	Member and convener
Nehal Vora, Chief Regulatory Officer, BSE Limited	Member
Nilesh Shah, Practising Company Secretary	Member
Robert Pavrey, Robert Pavrey & Associates	Member
V. R. Narasimhan, Chief Regulations, National Stock Exchange of India Ltd.	Member

While the Task Force is in process to study in detail proposition of an exhaustive compliance audit / due diligence mechanism on SEBI law applicable to listed entities and work out the modalities for such audit/diligence and lay down a reporting format, may we request you to send your suggestions/comments at khusbu.mohanty@icsi.edu so that we can consolidate the suggestions and put up the same before Task Force for consideration.

With thanks and regards,

CS (Dr.) Shyam Agrawal
President ICSI

CS Mahavir Lunawat
*Central Council Member, ICSI &
Chairman, Financial Services Committee, ICSI*

CS WOMEN EMPOWERED AND EMPOWERING...!!!



■ CS (DR.) SAROJ HIRAWAT

A Fellow Member of the Institute of Company Secretaries of India, CS (Dr.) Saroj Hirawat has the distinctive feather in her cap of being 'The First Woman Chairperson' of the Jaipur Chapter of ICSI and carved her own niche to reach the zenith of success due to her diligence and tenacity for excellence. She is revered as one of the first ladies to commence Whole Time Practice of Company Secretaries in a Tier- II city i.e. Jaipur during the early days when people had very little knowledge of this profession. However, she never gave up and expanded horizons of the profession by apprising people of how a Company Secretary can facilitate them in their business and take care of compliances and regulations required to run a business.

Currently, she is in active practice as a Company Secretary having distinctive experience of and has a flourished practice and has risen to the level of a regulator and as an excellent corporate personality. Her contribution to this profession is introducing undeniable role of a Company Secretary in the banking sector particularly.

Her vital area of practice is Companies Act thereby rendering substantial services to the banks for furnishing Search Reports, registration of charges, advising on drafting of various charge documents, acting as a scrutinizer for postal ballot process providing due diligence certificate to banks, secretarial audit of

listed companies etc. She is sought after faculty in the seminars and study circle meetings and a regular speaker at various Professional, Management & Educational bodies on various topics. She earned her Doctorate and also she has many publications to her credit in national journals. She is also active member of management committees of many renowned institutes. She firmly utters this quote for her own self:

"Do not judge me by my successes, judge me by how many times I fell down and got back up again." - Nelson Mandela

In her own words:

I can totally resonate with the above quote as the ship of my professional life has ventured into the deep corners of the sea which were not tried and tested waters for me. But I came back on the surface every single time through my positive attitude, determination and hard work.

Now I'm not afraid of challenges and unknown territories as I have learnt a lot through my experience and I'm confident that I'll take the stride forward and accomplish any task given to me.

Dawn of My Journey

I was a small town girl from Islampur (West Bengal), who had big dreams in her heart and worked extremely hard to pursue those larger than life ambitions. I decided to define success on my own terms, achieve it by my own rules and lead a life that shall make me extremely proud.

Right from my childhood, I challenged the status-quo and was quite unorthodox in my approach. I went to a co-education college, which was a big taboo in those times. A bright student who always ranked first in academics, both in school and college. One of the rare few girls who not only participated in debating, extemporary speech and sports but also aced them receiving gold medals in all formats.

Apart from academics and extra-curricular activities, I had keen interest in leadership roles and wanted to make an impactful difference to my college and the student community at large. My fellow students saw and appreciated this zeal and elected me as the **Secretary** of my college. I was extremely proud of my achievement and ensured that I deliver on the expectations of multiple student groups.

Needless to say, a women Secretary was completely unheard of at that time as it was a strongly male dominated society.

I continued to pursue my interest in academic studies and I am quite grateful to my parents who always supported me while travelling beyond the boundaries of my hometown for requirements of my assignments and also to complete my post-graduation and Ph.D.

Further, I always had an inclination towards professional studies. I enrolled for the Company Secretary ship course and qualified as a Company Secretary in the year 1996.



■ CS (DR.) SAROJ HIRAWAT ADDRESSING AT A SEMINAR

Overcoming Thorny and Blistering Times

It was all perfectly comfortable and rosy until then wherein I had performed notably better (both academically and professionally) than what was expected out of 'a woman' of that time. However, life never remains the same. The only constant is 'change'. It is not a bed of roses and definitely not so for a woman looking to make her mark in a male dominated professional world.

Life started showing its tough times. When I started my career in the corporate world as a Company Secretary, I approached various corporate houses and banks with an aspiration to provide them professional services. However, to my bewilderment, at that time, the corporate and banks were not that aware of the gamut of services that a professional called 'Company Secretary' could offer. Not only this, in a tier-II city not having scope for large corporate houses at that time, the profile was deemed to be akin to the word "**Secretary**" who just can be a helping hand in odd jobs such as typing or stenography. Further, their gestures clearly reflected that they did not consider CS profession in a great light, definitely not so as a noble, knowledgeable and value adding profession. On the face of it, this scenario might look like a losing proposition for women intending to start her practice in a small city, but I firmly believed and believe even today that **every cloud has a silver lining**. So, instead of giving up, I stayed motivated by this challenge and desired of creating 'an oasis in an arid zone'. I took this as an opportunity to educate the market about the professional services that I as a CS could provide along with the strategic benefits that such expertise would add to their businesses. It is true that positive mind finds opportunity in everything and a negative mind finds faults in everything. Like they say - **Hardships often prepare ordinary people for an extraordinary destiny**.

Setting the Agenda as a Practicing Company Secretary

While continuing the constant brand building and educating people about the strong value that a CS can bring to the table, I also decided to develop a niche market for myself and upcoming CS professionals and decided my approach. I approached various banks (both public and private) and held meetings with senior

professionals of the banking industry in Rajasthan. I introduced 'Search Reports' and 'Charge Registration' by educating and convincing bankers of their importance in the loans and advances parlance and the consequent risks that a bank might be exposed to if they are not done properly. The results were convincing, the bankers not only bought the idea but were also extremely appreciative of how my professional services as a CS may help them to reduce risk and make their loans sanctioning process more robust.

In this way, **I became the change agent who recognized the opportunity for change, identified the best approach to drive that and made that change happen on ground.**

Having said that, the road to success was still not that straight and simple in a patriarchic society. It was difficult for people to trust in the competencies of a female professional and most counterparts initially looked at me with skepticism. However, **I am not the kind of person who would take no for an answer**. Despite initial repudiation, I continued to have faith in my capabilities and backed that up with the power of my professional knowledge and strong business acumen. My zeal to learn new things and constantly update my knowledge has always kept me on my toes.

I put in long hours (sometimes up to wee hours in the night on multiple occasions) to build my practice from scratch. Running constantly from one bank to another for pitching clients with my services as well as building a strong client base by rendering high quality services. The hours translated into weeks, months and years and gave rise to S. Hirawat & Associates as a well-bred company secretary's firm.

Our persistence, diligence and willingness to go the extra mile helped us fulfill our dreams. Someone has truly said – **"A dream does not become reality through magic. It takes sweat, resoluteness, vision and hard work."**

On the Radar

Today, S. Hirawat & Associates, has reached commendable heights and can boast of a strong foothold in North India. While at the same time it commands reasonable amount of work from



■ FELICITATION OF CS (DR.) SAROJ HIRAWAT DURING ICSI SEMINAR ON INTERNATIONAL WOMEN'S DAY 2017

the financial capital of this country, Mumbai.

I firmly believe that- **“If you are different, you will stand out.”** The zeal for learning should always be there. In this dynamic era, I am more inspired with multifaceted work skills than ever before, but I am still learning.

Winning Laurels: First Woman President of ICSI Jaipur Chapter

A key accomplishment in the midst of all this hustling was my election as ‘The First Woman President’ of the Jaipur Chapter of ICSI. I was humbled by this achievement and extremely proud to have received the vote and reverence of so many of my peers.

My Rule Book

People’s memory is short-lived. One should be a **doer and not just a thinker**. We should work with utmost sincerity and devotion so that we can leave long lasting imprints on a person’s mind and not just create a transitory impression. If we work with passion and enjoy what we are pursuing, we will find a purpose in life.

My mantra to be calm, composed and content in my life is - **Never let success or the impressions of it get to your head. Find solutions to the challenges that life throws your way and always strive to be a better version of your own self.**

As I look back at my journey, I firmly believe that there are no shortcuts or quick fixes to success. You have to work extremely hard, face challenging circumstances on each step and have the never say die attitude to continue working towards the accomplishment of your goals.

I consider my initial struggles as great teachers, which have made me strong and played a meaningful part in shaping the professional that I am today.

As someone truly said, **“A bird sitting on a tree is never afraid of the branch breaking because its trust is not on the branch, but on its own wings.”** So, always have faith in yourself, continue refining your skills and always be in the pursuit

of excellence.

Rapid Fire Round with ICSI

Dr. Harpreet: What motivated you to become a Company Secretary Professional?

CS (Dr.) Saroj Hirawat: After completing my doctoral degree, several golden opportunities were awaiting me to add value to my academic career, I explored these opportunities, however, I found that many other women were already in the same queue. Since my childhood itself, I wanted to do different things in life and stand out in the crowd. When I heard about CS profession and found that there was hardly any Woman Company Secretary in the state of Rajasthan. I am the kind of person who always wanted to step into some innovative field and pick up line of action which has not been taken by anyone else. At that time I foresighted that this profession will become an eminent and buoyant profession in the near future and would fulfil my dream of standing out as an excellent corporate facilitator.

Dr. Harpreet: What is your advice to young women members?

CS (Dr.) Saroj Hirawat:

- **First rule is to work extremely hard and go the extra mile:** Always remember that there are no shortcuts to success and nothing in this world comes easily. In order to be successful, you need to work extremely hard and walk that extra mile where your competitors stop.
- **Believe in yourself:** Always have faith in yourself and your capabilities. Ups and downs are a part and parcel of life. You should always keep challenging yourself as with every challenge comes an equal opportunity of self-developments and the fulfilment of having out done your own self. You may commit mistakes at an earlier stage of your career but you should endeavour to learn from your mistakes. They are the best teachers. Continue to be sincere, committed and true to your goals.
- Always have a hunger for learning and keep yourself updated on the latest amendments in company law and other professional matters.
- Communication may be written or vocal. It must be impressive.
- We expect our young fraternity to come forward with innovative suggestions and ideas for improvement and further empowerment of our profession.
- Young friends, it’s your choice. Either you can follow someone else’s script or you write your own story.

Dr. Harpreet: What is the definition of a ‘woman’ in your words?

CS (Dr.) Saroj Hirawat: In my opinion, the word woman stands for:

- W-** Willingness to achieve goals
- O-** Optimistic in every phase of life
- M-** Magnificent in every field
- A-** Active in both personal and professional life
- N-** Nourishing everyone around her

Someone has truly said-**“You educate a man; you educate only that one man. But if you educate a woman; you educate an entire generation.”** Women are the incarnation of righteousness, tranquillity and forbearance.

“A woman is like a tea bag, you cannot tell how strong she is until you put her in hot water.” They are capable enough to confront every adversity in life. They are adept at making circumstances favourable against all odds. They are the epitome of drudgery and profound benignity.

Instances can be taken up from every domain of the economy wherein women are chartering unknown territories fearlessly. Be it in education, investing, fashion, fitness and anything and everything under the sun – they are proceeding with gumption and unbridled enthusiasm to change the world around them. They endeavour to make a difference with their ideas, seek solutions that have never been sought before. Some examples that we can look up to:

Shikha Sharma, MD & CEO, Axis Bank
Chanda Kocchar, MD & CEO, ICICI Bank
Indra Nooyi, CEO, PepsiCo.

Each of them is scripting her own story in today's new age world.

Dr. Harpreet: How should women strike a work and family balance?

CS (Dr.) Saroj Hirawat: Striking a balance between your work and personal life is not an easy task for a working woman. She has to constantly juggle between meeting professional deadlines, completing household chores, raising her kids and the list is endless.

However, today's professional women are multi-tasking and constantly wearing multiple hats on any given time of the day. They aspire to not only be looked up to by their children but also be equally respected by their professional colleagues and clients. Taking my personal example, striking a balance between family and work life was quite difficult for me in the initial stage of my career as my child was only two years old. In order to establish and expand my professional network, I had to travel to numerous cities and take my child along with me. During the day time, I used to visit banks and CAs for my office work. In the evening, I used to spend quality time with my child.

Dr. Harpreet: Do you think that women bring their 'heart' along with their 'mind' in the boardrooms?

CS (Dr.) Saroj Hirawat: I firmly agree with this as a real leader needs to have both these qualities. One of the head and the other of the heart - Sensibility and Sensitivity. Intellect has its unique place, and so do our emotions.

We need that softness of a female in every leader, and the strength and perseverance of a male in every woman. Then only you can lead any organization successfully. Even I managed my work, my clients, my employees with my heart, taking into consideration their problems and at the same time managing them effectively by taking firm decisions to pursue my business goals.

Dr. Harpreet: What should be the importance of goals in one's life?

CS (Dr.) Saroj Hirawat: Goals are something that transform insurmountable mountains into walkable hills. They propel us to move forward in our lives. They are the constant reminder of what we need to accomplish. They control our lives and create accountability. In a way, they are oxygen to our dreams.

I had set my goal to make an impactful difference to the CS profession and establish women on the professional radar. I represented them and got elected as the first woman president of ICSI Jaipur chapter.

Dr. Harpreet: As per you, what are the five most important insights into a CS role?

CS (Dr.) Saroj Hirawat: In today's changing business

environment, a Company Secretary is expected to perform more responsibilities than ever before:

- 1) Company Secretaries are an important link between the board of an organization and the various other stakeholders.
- 2) They should be well versed with the latest amendments with respect to the Companies Act, SEBI, FEMA, Labour Laws, Taxes, etc.
- 3) A Company Secretary is one of the most important professionals in an organization as the importance of corporate governance is increasing day by day. The responsibility for developing and implementing good corporate governance lies with the CS.
- 4) They have to communicate with various departments, banks, etc. Hence they should have the requisite knowledge and strong communication skills to convey the matter effectively.
- 5) They should develop these qualities and should provide actionable solutions on business issues with efficient service delivery.

Dr. Harpreet: What is your Formula for Success?

CS (Dr.) Saroj Hirawat: Hard-work, Conviction, Self-belief, Professional development of others and self, value for time and the never say die attitude. These values drive and sustain me.

Dr. Harpreet: What steps ICSI should take to emerge as a global leader in Corporate Governance?

CS (Dr.) Saroj Hirawat: Business environment over the world has undergone sea changes. In an ever changing hyper competitive business environment, there are lot of challenges before corporate practitioner. It is important for CS professionals, not only overcome the challenges but also be able to take a pledge to work with excellence, high level of confidence and participation in corporate activity we require continuous updation, acquire different skills and alertness of eagle's eye. We are witnessing an era where innovation is the key. Fortunately, our present President CS (Dr.) Shyam Agrawal is having a vision and professional proficiency has proved his exceptional leadership qualities in taking up the CS profession on a sky-scraping pedestal of governance globally.

Epilogue

CS Hirawat is really a motivating personality, full of zeal and 'never say die' spirit. Her story indeed revealed that place and gender can never be a restriction to those who want to explore the unexplored. Yes, she opted for a 'Practice' and to create the opportunities as a professional at a place where the sphere of profession was not known then, and today, she stands tall and is proud of being a Company Secretary. And ICSI is proud of woman CS like her.

Let us salute and celebrate our spirit of womanhood 365 days a year.

Happy reading....!!



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GST on Financial Transactions

» P-31

Vinod Kothari

Financial transactions are catalysts for economic activity and are, globally, exempt from goods and services taxes. However, GST in India grants a narrow exemption to lending transaction – to the extent of interest on loans and advances. Consequently, all other charges on lending transactions are chargeable to GST. Yet, registration requirements are based on “total turnover”, which includes exempt incomes too – therefore, lenders may have to seek registrations in States where they have fixed establishment. In a situation of partly exempt supplies and partly taxable supplies, financial services firms may have to make a tricky choice of option for the segment-wise computation of input taxes as per section 17 (2) of the CGST Act, or opt for a 50% set-off as per section 17 (4), or seek registration of the taxable segment as a business vertical. The choice has multiple repercussions. An intriguing part of the tax on financial services is tax on sale of repossessed goods. While a specific provision is made for repossessions from unregistered suppliers, there is no specific provision for repossession from registered suppliers, even though most of the major NPAs in the country involve registered suppliers. This may result into cascading tax, as the value of repossessed goods may include the tax originally paid. Since the defaulting borrower may have availed credit of such tax, lenders will have to evolve a few practice of keeping their loan-to-value ratios limited to the basic price of goods. Additionally, the transactions dealing in receivables of financial assets – including securitization, factoring, direct assignments or sale of non-performing loans – will have to bear in mind the tax consequences. While sale of receivables itself is not liable to GST, charges such as servicing fees, management fees, etc. will become liable to be taxed, and this tax may be a sunk cost since the vehicles holding the receivables may not be able to pass the cost further.

Dis-Allowance of Input Tax Credit on Construction of Immoveable Property How Far Justiciable?

» P-36

Pradeep K Mittal

The present article discusses whether “building”, “premises”, “structure”, “roads within the airport or factory”, would squarely fall within the meaning of “plant and machinery” and hence, shall be entitled to “Input Tax Credit” notwithstanding the bar laid down in Clauses (c) and (d) of Sub-Section (5) of Section 17 CGST Act.

Composition Scheme Under the Central Goods And Services Tax (CGST) Legislation

» P-39

T.N. Pandey

The GST enactments have come into force from the midnight of 30th June, 2017 with great fanfare. However, lower and middle level businessmen are jittery about the compliance aspects required under the new regime. For their care, the CGST contains an optional composition scheme, which can be availed by them with lesser botherations. The scheme can be availed by persons with turnover up to Rs.50 lacs [or may be up to Rs.75 lacs]. The rates of tax are low varying from 0.5% to 2.5%. The scheme applies only in regard to goods – not services. All relevant aspects concerning the law and rules regarding the composition scheme have been discussed in the article on the subject.

Anti Profiteering Measures in GST Law

» P-42

Dr. Sanjiv Agarwal

The GST law contains provision on anti-profiteering measures so as to ensure that benefits accruing to businesses in GST regime due to lower cost and increased input tax credit is passed on to the consumers, to contain inflation and also curb undue profit advantage which businesses may take. Anti-profiteering measures, as contained in section 171 of the CGST Act, 2017 will help check price rise and put a legal obligation on business to pass on the

benefit. This is a new concept being introduced for the first time in any tax law in India and is mandatory in nature. Central Government shall constitute an Anti-Profiteering Authority under Anti-Profiteering Rules, 2017 who will have far reaching powers including levy of penalty, recovery of benefit not passed and even cancellation of registration. However, such a provision comes with a two years sunset clause. It is desirable that anti-profiteering provision is enforced in rare cases as an exception, rather than as a rule and should not become a hindrance in free business environment where everything goes on in a reasonable manner.

Analysis of Registration Provisions and Transitional Provisions Under GST

» P-46

Divesh Goyal

One of the big concerns of almost all the taxpayers these days is whether they are required to get registration in a State or Not. The GST law provides for registration requirement in each State from where the taxpayer is providing the taxable supply. So, the place from where the taxable supply is made, is very important to determine. With the compilation of provisions of law, we will see how ready we are in terms of registration under GST. The transitional phase is going to be very challenging for both existing taxpayers as well as unregistered taxpayers. The law provides for the provisions which deal with the challenges (but not all the challenges). It is late but high time to discuss such provisions so as to overcome the issues.

Composition Levy Under GST-

» P-49

A Boon or Bane

Kuldeep Bengani

GST is likely to change the way India does business. Goods and Services Tax Law has introduced a new system of Indirect tax in India and is going to bring in new business compliance system which appears to be complex and burdensome for many startups and Small and Medium Enterprises (SMEs). Small supplier may struggle to comply with regular compliances under GST. To provide relief to small businesses, the government has introduced Composition Scheme under GST. Under composition scheme any taxpayer whose turnover is below Rs 75 lakhs can choose to get registered as a taxpayer under composition scheme and pay taxes on his supplies at a nominal rate of 1%, 2% and 5% (CGST + IGST) of aggregate turnover. However, he shall not be eligible to issue a tax invoice and cannot utilize the credit of input tax paid as a result thereof. Section 10 of CGST Act, read with composition rules deals with composition scheme law and procedures. Composition scheme has its own pros and cons and should be opted only after careful feasibility analysis.

Reverse Charge Mechanism – Major Change Under GST

» P-54

Manish Jain

GST is all set to be implemented from 01.07.2017 and it will change the way of doing business. The most important and concerned topic in GST Act is “Reverse Charge Mechanism” (RCM). Reverse Charge means the liability to pay tax by the recipient of goods/services instead of the supplier. The Government wants to collect tax on transactions of any taxable goods/services. So the provision of RCM has been introduced in GST. The concept of RCM is not a new one; it is already applicable in services tax law on prescribed services. But RCM under GST is one step ahead and its coverage is also much wider than under Service Tax. Under GST RCM is applicable to both goods and services. RCM will help Government to collect tax on every transaction of taxable goods/services under GST whether the supplier is registered or not. The present article discusses all the relevant provisions, challenges and opportunities for professionals under Reverse Charge Mechanism (RCM).

Impact of GST on Tourism and Hospitality Sector

» P-58

Niharika Gupta

GST has been one of the most awaited tax reforms for India. High GST rates on hospitality may prove to be detrimental for the sector. The high incidence of taxes may make India less competitive when it comes to tourism

as international tourists may skip the destination. The government should appreciate that countries like Myanmar, Thailand, Singapore, Indonesia and others levy taxes ranging from 5 to 10 per cent. India cannot afford to have these kind of complex and high GST. A lower tax rate for budget hotels sector will ensure that the industry's quality upgrade continues while delivering standardized accommodation to millions of middle-class-travellers. People like consolidation of taxes as it leads to greater transparency and will help guests and buyers to understand the overall costs.

GST and its impact on Salaried Employees

➤ P-62

Garima Garg

Flip around any newspaper or business magazine and news on GST finds it home. It wouldn't be ostentatious to refer Goods & Services Tax as the Sanjeevani of the Indian economy. GST, also coined as Good and Simple Tax by the Hon'ble Prime Minister during the GST launch session is expected to reform the way of doing business. GST is relevant more for businesses and not so much for salaried people. The people earning salaries will continue to pay income tax on their salary and it will continue to be deducted from their monthly pay. GST is an indirect tax and as such has nothing to do with income tax or TDS. Having said that, GST will be relevant for salaried people as this new buzz word will continue to impact every corner of their life. GST on almost all their expenses - restaurants, movies, shopping, consulting, construction, virtually everything. Depending on the rate of GST, the expenditure on these products may rise or fall. The article discusses the areas of salary which will directly be impacted upon and others which will have impact indirectly as the expenditure of salaried employees be impacted in the GST regime differently than the previous scenario.

GST implications on : Works Contract & Construction Sector

➤ P-65

Bhatt Bhadrash A.

If the tax clause in Work Order is not structured correctly, the contractor may end up paying more taxes than the margins they make. There are 4 types of construction related transactions in GST-Works contract, Composite Supply, Mixed Supply and Job work. Each of these is clearly defined in GST Law. Understanding in what category a transaction falls, helps in structuring the tax clauses effectively. The Modal GST law has defined exempted services, situations where ITC is disallowed, place of supply in relation to works Contract, tax effect on on-going works contracts and on periodic supplies. The implications of including free supplies as part of taxable value is discussed in detail with an example to explain the practical challenges that a contractor might face and the need to revisit section 15(2)(b) needs for amendments.

RESEARCH CORNER

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ICSI -CCGRT Invites Research Papers on National Company Law Tribunal (NCLT) Orders- Emergence of Law

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ICSI – CCGRT ANNOUNCES Unique Critical Research Analysis of Indian Companies Act, 2013

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LEGAL WORLD

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- **LMJ 21:07:2017** When an ex-employee refuses to vacate the premises, his family members cannot be prosecuted under section 630 of the Act as long as the employee is alive. [SC]
- **LW 48:07:2017** Administrative circular issued by SEBI is not an appealable order under section 15T. [SC]
- **LW 49:07:2017** CCI penalises Hyundi Motors for resale price

maintenance through discount control mechanism and issues cease and desist order.

- **LW 50:07:2017** Mere investments cannot be regarded as leverage of dominant position, particularly when OP-1 itself is not engaged in business of providing telecom services or any activities incidental thereto. [CCI]
- **LW 51:07:2017** The Court was clearly vested with the power to grant interim measures prior to the award becoming a deemed decree under Section 36 of the Act. [Del]
- **LW 52:07:2017** Delhi High Court refuses to issue injunction against encashing bank guarantees.
- **LW 53:07:2017** When the partners and those who claim through partners agreed to get the dispute settled by arbitration, it is not open for the appellants to contend that partnership being unregistered partnership, the dispute cannot be referred. [SC]
- **LW 54:07:2017** Use of facility does not amount to technical services, as technical services denote services catering to the special needs of the person using them and not a facility provided to all. [SC]

FROM THE GOVERNMENT

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- Companies (Audit and Auditors) Second Amendment Rules 2017
- Exemptions to Section 8 Companies under the Companies Act, 2013
- Exemptions to Private Companies
- Exemptions to Government Companies
- Clarification regarding transmission of Securities by Operation of Law-Reg.
- Clarification regarding due date of transfer of shares to IEPF Authority
- Clarification to Enhanced Supervision Circular
- Participation of Category III Alternative Investment Funds (AIFs) in the commodity derivatives market
- Continuous disclosures and compliances by issuers under SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015
- Interest and Dividend information reporting in case of Custodial Accounts-Rule 114G(1)(e) of the Income Tax Rules, 1962
- Non-compliance with certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations")
- Recording of Non Disposal Undertaking (NDU) in the Depository System
- Comprehensive Review of Margin Trading Facility
- Options on Commodity Futures- Product Design and Risk Management Framework
- Comprehensive guidelines for Investor Protection Fund, Investor Service Fund and its related matters at National Commodity Derivatives Exchanges
- Online Registration Mechanism for Mutual Funds
- Disclosure Requirements for Issuance and Listing of Green Debt Securities

OTHER HIGHLIGHTS

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- Members Admitted/Restored
- Certificate of Practice Issued/cancelled
- Licentiate ICSI Admitted
- Ethics & Sustainability Corner
- GST Corner
- CG Corner
- Releases at 18th PCS Conference
- ICSI Initiatives under GST



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ARTICLES



- GST ON FINANCIAL TRANSACTIONS
- DIS-ALLOWANCE OF INPUT TAX CREDIT ON CONSTRUCTION OF IMMOVEABLE PROPERTY HOW FAR JUSTICIABLE?
- COMPOSITION SCHEME UNDER THE CENTRAL GOODS AND SERVICES TAX (CGST) LEGISLATION
- ANTI PROFITEERING MEASURES IN GST LAW
- ANALYSIS OF REGISTRATION PROVISIONS AND TRANSITIONAL PROVISIONS UNDER GST
- COMPOSITION LEVY UNDER GST- A BOON OR BANE
- REVERSE CHARGE MECHANISM – MAJOR CHANGE UNDER GST
- IMPACT OF GST ON TOURISM AND HOSPITALITY SECTOR
- GST AND ITS IMPACT ON SALARIED EMPLOYEES
- GST IMPLICATIONS ON : WORKS CONTRACT & CONSTRUCTION SECTOR

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GST on Financial Transactions



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Financial transactions are at the very center of economic activity as investment in assets, goods and productive activity is funded by financial transactions. These transactions take various forms – from equity, to loans, to investment in various types of securities. Besides primary financing transactions, there are numerous secondary market transactions – including trades in securities, assignment and securitization of

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GST ON LENDING TRANSACTIONS

One of the primary facts one should note while evaluating the applicability of GST is the nearly-all-pervasive nature of the levy. The charging section [Sec 9 of the CGST Act] imposes the tax on any “supply”. Exclusions are items like non-taxable supplies [for example, alcohol for human consumption], or exempt supplies, or supplies which are zero-rated. Hence, the focus shifts to the ambit of the word “supply”, which consists of all forms of supply of goods and services [sec 7 (1) of CGST Act]. Since the word is intrinsically connected with the words “goods” and “services”, one needs to examine the meaning of those terms.

“Goods” are defined in sec. 2 (52) to include any movable property, other than money and securities. “Services” are defined in sec. 2 (102) to mean “anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.”

Mere money is excluded from both “goods” as well as “services”. When read with the word “supply”, supply of money is neither a supply of goods, nor a supply of services. However, sec. 2 (102) includes, in the definition of “service”, any activity relating to use of money, even though supply of money itself is not a service. Mere supply of money could be settlement of a transaction – for instance, making a payment for goods and services. It could not have been argued that the person making the payment itself is making a supply. Therefore, the intent of the law excluding supply of money, but including any activity pertaining to the use of money becomes intriguing. This conundrum was faced by the Delhi High Court in *Delhi Chit Fund Association vs Union of India*¹ while interpreting similar expression used in sec 65B (44) of the Finance Act, 1994 – the High court expressed its perplexity in the following words: “The Explanation, therefore, seems to offer a clue to the problem which appears to us to be a creation of the very confounding manner in which the definition is found to have been drafted. However, we have to make sense of what we have”.

Can it, therefore, be argued that lending of money is an activity pertaining to use of money? If the settlement of a supply in form of a monetary payment cannot itself be taken to be a supply, then, what else could be the exclusion of monetary transactions

¹ <https://indiankanoon.org/doc/110893075/>. An SLP against the decision was rejected by the Supreme Court – therefore, the ruling has the authority of the Apex court.

There is an elaborate definition of “location of supplier of services” in sec. 2 (71) of the CGST Act, but the definition does not address the crucial question of the place from where the supply is being made. The determination of the place at which the supply is made, that place of supply, is done as per principles laid in the IGST Act, that Act does not provide guidance in fixing the place of the supplier.

in both the definition of “goods” as well as “services”, except lending or deposit of money?

The discussion may seem academic because the list of exempted services [item 8- extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services)]. That is to say, there is a clear exemption for extending of deposits, loans or advances, insofar as the consideration is interest or discount. Therefore, it does not practically matter whether lending of money is a supply of services or not. However, the question becomes crucial from at least 2 viewpoints:

- Lending of money is a supply of service, but an exempt service in terms of Item 8 of Exemption list;
- Interest involved in credit cards is not a fully exempt service

The essence of the Delhi High court ruling in Delhi Chit Fund Association was that exempting something that was not even included in the ambit of the law does not have much meaning. However, the question whether moneylending is itself a supply of service at all, will continue to engage courts for some time to come.

The exemption for financial transactions in India is quite narrow – it is only the interest/discount earned or paid for loans, deposits or advances². Therefore, if the transaction deviates from a plain vanilla structure and therefore, fails the test of being a “loan”, “deposit” or “advance”, or the consideration is not an interest or discount, the exemption is lost. As a result:

- All earnings and charges other than interest or discount³ will be chargeable to GST. This includes any upfront or regular charges such as processing fees, documentation charges, service charges, collection charges, inspection charges, repossession charges, foreclosure or prepayment charges⁴, and so on.
- If the transaction does not fit into the meaning of “loan”, “deposit” or “advance”, even if the transaction is intrinsically

² This may be compared to global practices. Singapore GST Act exempts a whole range of financial transactions – Fourth Schedule to GST Act. Australian law also exempts “financial supplies”, which terms includes a range of financial transactions. The same is the position in New Zealand.

³ The expression “discount” will be relevant to transactions such as discounting of bills, commercial paper, etc.

⁴ See ruling of CESTAT in the case of HDFC Limited: <http://www.cbec.gov.in/resources/htdocs-servicetax/ecs-st/exemption/2013-1-158-triahm.pdf>

a financial transaction, it does not seem that the supply will be exempt from GST. Thus, if an inventory repurchase transaction or a financial lease transaction may have the substance of a financial transaction, but it will be difficult to contend that they avail the exemption given in Item 8 of the Exemption list.

- Nevertheless, if the transaction is a loan transaction, there is no question of GST on the recovery of principal lent, as the tax can only be on the consideration, and not for principal recovery.

REGISTRATION REQUIREMENTS

Loan transactions are currently originated, besides banks, by thousands of non-banking financial entities, thousands of money-lenders and entities occasionally engaged in lending activities. Therefore, a pertinent question is, is registration under GST law relevant for an entity, even though the entity may be earning income by way of interest.

Notably, interest on loans is exempt as per the exemption discussed above; however, the registration requirement is based on (a) aggregate turnover in a financial year exceeding Rs 20 lacs; and (b) the supplier making a taxable supply. The term “aggregate turnover” as defined in sec. 2 (6) includes value of all exempt supplies as well. Thus, while there is no GST on interest on loans, but the same is still captured in while computing aggregate turnover. Thus:

- If the aggregate amount of turnover (note that this is all-India turnover), including interest, in a year exceeds Rs 20 lacs; AND
- The entity has received any consideration other than interest (any amount whatsoever) or made any other taxable supply (for example, even sale of scrap in the office), the entity will require registration.

As may be well-known, GST law requires registration in every state where a taxable supply is being offered from. In context of lending activities, a pertinent question is – what is the place from where the supplier is rendering the service? There is an elaborate definition of “location of supplier of services” in sec. 2 (71) of the CGST Act, but the definition does not address the



crucial question of the place from where the supply is being made. The determination of the place at which the supply is made, that place of supply, is done as per principles laid in the IGST Act, that Act does not provide guidance in fixing the place of the supplier.

Section 2 (71) refers to a fixed establishment, or the establishment most directly concerned with the provision of the supply. In case of a lending transaction, there are various facets – sourcing of the loan, servicing of the loan, legal documentation, refinancing of the loan, etc. Each of these may be done from different places – therefore, lenders will continue to ask which is the place from where the lending service is being provided.

One wonders why did the law leave such a crucial question open to interpretation? One potential answer is that eventually, GST law is destination-based, and therefore, the benefit of the levy will anyway travel to the state where the recipient of the service is registered. However, it will be too optimistic to expect that the States will care about whether the eventual benefit has been passed on to the state by way of inter-state transfer of credits, if the transaction otherwise falls in their primary taxing jurisdiction.

In terms of practical advice, if the lender has a “fixed establishment” [defined in sec. 2 (50) with reference to “sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services”], it should generally be advisable for the lender to get registration in that state. Notably, the draft of the law is inspired, to quite an extent, by the EU VAT regime, and the rulings under EU VAT Directive seem to favour the above interpretation.

AVAILING INPUT TAX CREDITS

One of the most critical issues for lenders will be the manner of seeking input tax credits. As a general rule, the credit for input services is allowed, if such inputs are used in course of or in furtherance of the business of the supplier [sec 16 of CGST Act]. Sec. 17 (1) puts a restriction to the aforesaid general rule, stating that if the inputs are used partly for

business purposes, and partly for other purposes, then the input credit will be restricted to so much input tax as is attributable to business purpose. Sec. 17 (2) makes a similar rule for use of inputs for making exempt supplies, providing that the claims for input tax credit will be restricted to so much of the input tax as it used for making taxable and zero-rated supplies.

In case of banks and financial institutions, the output is mostly in form of loans, which is exempt. So, there will only be a small fraction of taxable output. As regards inputs, once again, large part of the inputs are in the form of interest, or manpower cost – most of which are non-taxable. Hence, there is an option, in sec. 17 (4), to banks, financial institutions and NBFCs, to take a thumb rule of 50% set-off – that is, on a monthly basis, 50% of the available input tax credits are set-off against output tax liability.

Many lenders often have activities or business segments which have distinctly taxable outputs. For example, agency functions, brokerages, leasing, etc have taxable outputs. Therefore, a lender may like to evaluate whether to put for the segment or business-silo computation, or to opt for the 50% set off. In case of the former option, Rule 42 of the Central Goods and Services Tax Rules, 2017 provides the detailed manner of apportionment of inputs to the respective silos. The inputs explicitly attributable to the taxable outputs are taken off, after deducting the explicitly disallowable inputs [those for non-business use, those specifically attributable to exempt turnover, and those which are blocked credits under sec. 17 (5)], and the remaining credits are apportioned on the basis of the contribution of exempt turnover to total turnover.

If a lender has a business segment which can be regarded as a “business vertical” in terms of the definition given in sec. 2 (18), on considerations of risks and returns, the lender may also elect to register the business vertical as a “distinct person”, that is, a separate GST entity, though within the same legal and income-tax entity. Therefore, there are as many as 4 options with lenders: (a) opt for 50% set-off under sec. 17 (4); (b) make a segment-wise computation by identifying inputs explicitly attributable to exempt and taxable turnover respectively and appropriating the rest of the inputs in proportion of turnover; (c) opting for a separate vertical registration for the taxable activity, though within the same legal entity; and (d) option for a separate legal entity for the taxable activity.

Table 1: Input tax credit options for lenders

	Sec. 17 (2) – silo-wise computation	Sec. 17 (4) – 50% set-off	Separate business vertical	Separate legal entity
Extent of set-off available	Inputs directly attributable to taxable output to be allowed fully; remaining inputs to be split proportionately based on turnover	50% of the inputs on a monthly basis	Inputs used in the taxable vertical to be allowed fully; inputs used for the other vertical may be subject to 50% set-off u/s 17 (4)	Two separate entities – hence, same as for separate vertical



GST registrations	One for each relevant state	One for each relevant state	Two for each relevant state where separate vertical option exercised	Two for each relevant state
Legal and income-tax entities	One	One	One	Two
Cross-offset of excess of input taxes over output taxes between different silos	Possible, after restricting and apportioning the inputs	Question does not arise	Not possible	Not possible
Compliance burden	+, since segment-wise attribution of input taxes to be done	Minimal	++, not only segment-wise attribution, but two distinct persons for GST purposes	+++; two separate corporate entities – leading to duplication of all corporate, legal and GST compliances
Flexibility of the option	Option opted once will be valid for the financial year	Option opted once will be valid for the financial year	Opting out will amount to de-registration for GST purposes	Opting out will require corporate merger formalities as well

The election of one out of the 4 options above is a tricky choice, as there are numerous factors to be considered. Table 1 compares the 4 options. In practice, the choice is based on a mix of quantitative factors (numerical impact based on the size of the taxable activity), as well as qualitative factors.

TAX ON SALE OF REPOSSESSED ASSETS

In sales-tax and VAT regime, there has been inconclusive litigation on whether sale of repossessed goods by lenders is liable to be taxed in the hands of banks/financial institutions, who are not otherwise engaged in the business of buying/selling goods. One of the early rulings in this regard is the ruling of Federal Bank Ltd vs State of Kerala (2007) 6 VST 736 (SC); [2007] 4 SCC 188. However, since the ruling depended on the text of the law in the State, there have been multiple cases on this issue. Calcutta High court ruling in Tata Motors Finance vs Asst Commissioner of Sales tax⁵ is presently pending before the Supreme Court. However, in the meantime, several courts have ruled in favour of taxability of sale of repossessed goods: Madras High court in HDFC Bank Ltd vs State of Tamil Nadu [2016] 60 NTN DX 62 holding that lack of title with the seller does not affect tax liability in case of sale of repossessed goods; Delhi High court in Citibank vs Commissioner of Sales tax⁶ - Delhi High court relying on the Calcutta and Madras rulings above. In addition, the Supreme court has ruled in Karnataka

Under GST law, the ambit of taxability expands substantially, as we move from “sale” to “supply”. While one may await the answer from the Supreme court on taxability of repossessed goods as a “sale”, but the word “supply” used in GST law, in relation to goods, includes sale, transfer, barter, exchange, license, rental, lease or disposal, leaving little doubt that the disposition of repossessed goods by lenders will be liable to GST.

*Pawn Brokers vs State of Karnataka*⁷ that existence of title with the lender is not necessary for taxability for sales-tax/VAT purposes.

Under GST law, the ambit of taxability expands substantially, as we move from “sale” to “supply”. While one may await the answer from the Supreme court on taxability of repossessed goods as a “sale”, but the word “supply” used in GST law, in relation to goods, includes sale, transfer, barter, exchange, license, rental, lease or disposal, leaving little doubt that the disposition of repossessed goods by lenders will be liable to GST.

The real issue, in sale of repossessed goods, is the potential for cascading tax. Assume a bank repossesses a car for a defaulted loan. The car has an element of GST in its price (as the borrower bought the car with GST). On repossession, the bank does not get benefit of GST, and the price charged by the bank on sale will be subject to GST, thus leading to a duplication of GST.

This problem is sought to be resolved by proviso to Rule 32 (5) of the Central Goods and Services Tax Rule, 2017 which says that in case of sale of repossessed goods from a defaulting borrower, who is not registered, the value of the output will be the difference between (a) actual sale price; or (b) depreciated purchase price, taking a depreciation of 5% per quarter or part thereof, from the date of purchase till disposal. The value of the output will be taken as nil, if (a) is less than (b).

The real problem arises in case of repossession of goods from registered dealers – admittedly, most of the defaulted loans in the country are accounted for by registered dealers, rather than unregistered ones, and post-GST implementation, in any case, there will be a strong demotivation for businesses to remain unregistered. Therefore, the relief given by proviso to Rule 32 (5) is only in case of retail lending, which is just a fraction of the mammoth NPA problem in the country. So, if the bank, or for that matter, an asset reconstruction company, uses its powers under the SARFAESI Act or similar law, and repossesses and sells movable property, is it to charge GST on the entire sale price, even though the price includes GST paid originally on the purchase?

⁵ <https://indiankanoon.org/doc/40291817/>

⁶ <http://lobis.nic.in/ddir/dhc/SMD/judgement/14-12-2015/SMD-14122015STR12003.pdf>

⁷ <https://indiankanoon.org/doc/369962/>

What could have been the motivation of the law-maker in restricting the benefit of Rule 32 (5) only to repossessions from unregistered dealers? There may be two potential answers:

- Going forward, in case of credit facilities to registered suppliers, lenders may like to keep their loan-to-value (LTV) ratio limited to the pre-GST value of the asset, as the GST is something which the borrower avails as a credit from the government. In such a case, if repossession happens, the lender will credit only for the pre-GST value of the asset, and pay GST to the government.
- Alternatively, a legal issue that arises is – is repossession itself a case of “supply” by the borrower, and therefore, on repossession, a registered dealer should reverse his own input tax credit in favour of the lender? Note that the definition of “supply” includes several elements – including broadly-construed words such as “transfer” and “disposal”. The word “disposal” has been interpreted by the Supreme Court in *Deputy Commissioner of Sales-tax vs. Thomas Stephen & Co . Ltd 1988 AIR 997* as follows: “Disposal means transfer of title in the goods to any other person. The expression “dispose” means to transfer or alienate. It was formerly an essential word in any conveyance of land. (See Jowitt “The Dictionary of English Law” and also Webster Comprehensive Dictionary (International Edn.)- Vol. 1, page 368). There is no transfer of title as between the borrower and lender, but there surely is a transfer of title by the lender to the buyer. In many cases, the lender may retain the asset himself, and use the same for hiring. Hence, whether the repossession is merely a pro-tem measure amounting to protection of the asset, or it amounts to transfer of proprietary interest to the lender, depends on the terms of the security document.

It would take quite some time of the law to get settled on repossessions from registered dealers; however, lenders are strongly advised to realign their lending policies to restrict lending to the pre-GST price of the asset.

IMPLICATION FOR TRANSFER OF RECEIVABLES AND SECURITIZATION

In lending business, transfer of receivables arising out of loan transactions happens quite commonly. This may happen in multiple scenarios, inclusively:

- Sale of loan portfolios on exit from a business
- Assignment of loan portfolios among lenders (so-called direct assignments)
- Securitization of receivables through SPVs
- Purchase and sale of non-performing loans
- Factoring of receivables, etc

The GST implications on sale of receivables become intriguing because of the definition of “goods”, which is made to include all movable property including actionable claims, but exclude actionable claims by way of Schedule III. A receivable is also an actionable claim, and hence the question. The GST law imports the meaning of the term “actionable claims” from the Transfer of Property Act. Under the definition of Transfer of Property Act, receivables backed by mortgages, hypothecations and pledges are excluded. This would, prima facie, give rise to an impression that the GST law excludes only unsecured



receivables, since secured receivables, being movable property, are not a part of the exclusion referencing the Transfer of Property Act.

However, the proper view to take in this regard is that an actionable claim representing a claim on money is excluded from the purview of both “goods” and “services”, as money is neither. If an actionable claim is nothing but a right to receive money, then it is money itself, and therefore, excluded from the GST law. The position would not change if the receivable was backed by any tangible or intangible property, because the property is just a collateral to back up a monetary claim. The lender’s primary right is on money – if the money is not paid, the lender may enforce the claim on the underlying asset. The loan itself is not a claim on the asset – hence, the receivable still remains a monetary asset.

Hence, the primary sale of the receivables, in any of the transactions mentioned above, will not itself be liable to GST.

In many transactions, the transfer of receivables is followed by servicing –for example, in case of direct assignments and securitization, the seller typically acts as the servicer. In case of transfer of non-performing loans, the ARC charges management fees for managing the pool of the loans. Each of these servicing or management fees become subject to GST, at the residual rate of 18%.

Securitisation and ARC transactions are worst-affected, because here, the fees are charged to the SPV or the trust, which is not an entity registered for GST purposes. Hence, the GST levy reaches its dead-end, and becomes a burden on the transaction.

Transaction structures in future may also have to bear in mind that sweep out of residual profits also has to be structured either as interest, or as servicing of a “security” – otherwise, this may well come into the wide sweep of the GST law.

CONCLUSION

GST law marks a major change. Financial transactions are catalysts for economic activity and the exemption in India for financial transactions is very narrow – interest on loans and purchase/sale and servicing of securities. It is, therefore, imperative that transactions are structured carefully to avoid unhappy results.

Dis-Allowance of Input Tax Credit on Construction of Immoveable Property How Far Justifiable?



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Section 16 of CGST Act, 2017 (hereinafter called the Act) speaks of taking of Input Tax Credit (hereinafter called ITC) upon receipt of supply of either goods or services or both of them, which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person. In other words, the “Registered Person” shall be entitled to ITC of tax paid in respect of either “goods” or “services” but, however, the word “capital goods” is blissfully missing. No wonder, in future, the Department, in their quest for highly ingenuine interpretation, may come up with the argument that the registered person shall not be entitled to ITC on capital goods.

The present article discusses whether “building”, “premises”, “structure”, “roads within the airport or factory”, would squarely fall within the meaning of “plant and machinery” and hence, shall be entitled to “Input Tax Credit” notwithstanding the bar laid down in Clauses (c) and (d) of Sub-Section (5) of Section 17 CGST Act.

Sub-Section (5) of Section 17 of the Act, inter-alia, prohibits the taking of ITC in respect of certain items:-

- (a)
- (b)
- (c) works contract service when supplied for construction of an immoveable property (other than plant and machinery) except where it is an input service for further supply of works contract service;
- (d) goods or service or both received by a taxable person for construction of an immoveable property (other than plant and machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

From the perusal of the above, a very interesting question arises as to whether during a construction of a building (which obviously is an immoveable property within the meaning of Transfer of Property Act), if an input or input services or capital goods, is used for further construction/erection/installation of building (an immoveable property which is used as a plant and machinery by the assessee), Input Tax Credit shall be allowable or not ?

However, in my view, in case, the building or premises had been used as a plant or part of plant, then Input Tax Credit shall be allowable. In the event, the building or premises had been used in any other manner, (other than plant and machinery) no such Input Tax Credit shall be available to the assessee. Ordinarily, it is understood in the trade and industry circle plant and machinery only include “some structure of steel, aluminium, metal or similar items used/applied for fabrication/assembly/ installation of an “object” which is used for manufacture or production of goods”. Therefore, in subsequent paras, one need to understand the meaning, scope and intent of “words” “plant and machinery” and more particularly these words include within its sweep, the building/premises/structure/immoveable property within the meaning of “Transfer of Property Act”.

In CIT v. Kanodia Warehousing Corporation MANU/UP/0711/19790: [1980]121ITR996(All) , the Division Bench of the Allahabad High Court has considered the meaning of “plant” and held that in order to find out if a building or

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6 If the building or structure or part thereof is something by means of which the business activities are carried on, it would amount to a plant but where the structure plays no part in the carrying on of those activities but merely constitutes a place within which they are carried on, it cannot be regarded as a plant.



structure or part thereof constitutes “plant”, the functional test must be applied. It must be seen whether building or structure or part thereof, constitutes an apparatus or a tool of the taxpayer or whether it is merely a space where the taxpayer carries on his business. If the building or structure or part thereof is something by means of which the business activities are carried on, it would amount to a plant but where the structure plays no part in the carrying on of those activities but merely constitutes a place within which they are carried on, it cannot be regarded as a plant.

In *R.C. Chemical Industries v. CIT* MANU/DE/0141/1981 [1982]134ITR330(Delhi), the Delhi High Court has considered the meaning of “plant” with reference to Section 43(3) of the Income Tax Act and laid down the following principles.

The definition of plant in Section 43(3) should be given a wide meaning as it is an inclusive definition. In order for a building or concrete structure to qualify for inclusion in the term ‘plant’, it must be established that it is impossible for the equipment to function without the particular type of structure.

The question whether the roads would include within the meaning of the word “buildings” was considered by various High Courts. The leading decision is of the Bombay High Court in *C.I.T. v. Colour Chem Ltd.* MANU/MH/0032/1974: [1977] 106 ITR 323. While negating the contention that roads are part of the plant, the Bombay High Court held that the roads within the factory premises are used for the purpose of carrying raw materials, finished products and

workers. Therefore, it must be regarded as building or buildings within the meaning of sub-clause (iv) of section 10(2) of 1992 Act. It was also held that dictionary meaning of the word “building” cannot be confined to a structure or superstructure having walls and roof over it. The roads and roadways are adjuncts of the buildings lying within the factory area linking them together and are being used for carrying on its business by the assessee. Therefore, they must be regarded as forming part of the factory building.

The Supreme Court in the case of *Scientific Engineering House Pvt. Ltd. Vs. Commissioner of Income Tax*, 1986(157) ITR 0086 SC relied upon certain following foreign decisions while dealing with the explanation Plant and gave it a wide meaning under the provisions of Income Tax law in the following manner:

“The classic definition of ‘plant’ was given by Lindley, L.J. in *Yarmouth v. France*, [1887] 19 Q.B.D. 647, a case in which it was decided that a cart-horse was plant within the meaning of section 1(1) of Employers’ Liability Act, 1880. The relevant passage occurring at page 658 of the Report runs thus:-

“There is no definition of plant in the Act: but, in its ordinary sense, it includes whatever apparatus is used by a business man for carrying on his business, -not his stock-in-trade which he buys or makes for sale; but all goods and chattels, fixed or movable, live or dead, which he keeps for permanent employment in his business.”

In other words, plant would include any article or object fixed or movable, live or dead, used by businessman for carrying on his business and it is not necessarily confined to an apparatus which is used for mechanical operations or processes or is employed in mechanical or industrial business. In order to qualify as plant the article must have some degree of durability. In *C.I.T. Andhra Pradesh v. Taj Mahal Hotel*, MANU/SC/0239/1971: 82 I.T.R. 44, the respondent, which ran a hotel, installed sanitary and pipeline fittings in one of its branches in respect whereof it claimed development rebate and the question was whether the sanitary and pipe-line fittings installed fell within the definition of “Plant” given in Sec. 10(5) of the 1922 Act which was similar to the definition given in Sec. 43(3) of the 1961 Act and this Court held that sanitary and pipe-line fittings fell within the definition of plant.

The Bombay High Court in the case of *CIT v. Mazagaon Dock Ltd.* MANU/MH/0278/1991u: (1991) 191 ITR 460(Bom) has held that dry dock and wet dock created for ships are to be treated as plant and not building.

The Apex Court in the case of *CIT v. Dr. B. Venkata Rao* MANU/SC/1284/1999: (2000) 243 ITR 81(SC) has held that in the case of an “Operation Theatre” in the hospital, it has been held to be a part of plant and not a part of building. The Court further held that the operation theatre in an hospital building is not simply a concrete structure but necessarily a part for running of the hospital

and the assessee is entitled to claim depreciation as applicable to plant and machinery.

In another decision reported in CIT v. Karnataka Power Corporation MANU/SC/0585/2000: [2001] 247 ITR 268 (SC), the Supreme Court held as follows (headnote):

The question whether a building can be treated as plant, basically, is a question of fact and where it is found as a fact that a building has been so planned and constructed as to serve an assessee's special technical requirements, it will qualify to be treated as a "Plant" for the purposes of investment allowance. Held accordingly, that there was a finding by the fact-finding authority that the assessee's generating station building was so constructed as to be an integral part of its generating system. It was "plant" entitled to investment allowance.'

The ITAT, in an appeal ITA No.7111/Mum/2011, vide order dated 14.3.2014, made very interesting observations.

If we apply the above decisions to the facts of the case before us, we are of the considered view that taxiways and aprons, parking bays cannot be said to be merely concrete structures but are necessary tools for operating/using the Airport. Hence, the same are to be considered as part of plant and machinery. Therefore, we hold that assessee is entitled for depreciation at the rate as applicable on plant and machinery in respect of taxiways, aprons, parking bays etc.

The assessee claimed depreciation @ 25%



“The classic definition of ‘plant’ was given by Lindley, L.J. in *Yarmouth v. France*, [1887] 19 Q.B.D. 647, a case in which it was decided that a cart-horse was plant within the meaning of section 1(1) of Employers’ Liability Act, 1880.

on cold storage building by considering the same as plant which was allowed by the Learned Assessing Officer @ 10% by treating the same as building relying on the decision of Supreme Court in the case of Anand Theaters MANU/SC/0409/2000: 244 ITR 192. In appeal, the Learned Commissioner of Income Tax (Appeals) allowed the claim of the Assessed following the decision of the Calcutta High Court in the case of CIT v. Shree Gopikishan Industries (Cal) MANU/WB/0061/2003: 262 ITR 568 and the decision of the Allahabad High Court in the case of CIT v. Kanodia cold Storage MANU/UP/0175/1974: 100 ITR 155 by observing as under:

The Appellant, during the course of appellate proceedings, has submitted that the cold storage is required to be constructed and maintained as to be damp proof, heat proof and protected against entry of or damage to the stored agriculture and other produce by pests, noxious insects, rats and other rodents. The same is to be provided with insulation of the floors, roofs and doors and insulation and water proofing treatment is to be done in a proper manner in accordance with cold temperature to be maintained below or above freezing point. The Appellant has therefore submitted that the storage or chamber itself is an apparatus and tool of the trade through which the business is carried on and the insulation without the building cannot produce the result and the building without the insulation also equally disastrous for the purpose. Therefore, it was contended that the cold storage plant is different from the other normal building because without the cold storage plant it is not possible to carry on the business of cold storage. In support of its contentions, the Appellant placed several court decisions, such as 100 ITR 155-C1T v. Kanodia Cold Storage (All); MANU/WB/0061/2003: 262ITR 568- CIT v. Shree Gopikishan Industries (Cal.) etc.

The Punjab and Haryana High Court in the case of CIT v. Yamuna Cold Storage MANU/PH/0244/1981: [1981] 129 ITR 728 (P&H), has held that the cold storage is a factory building entitled to 10 per cent.

The Supreme Court in CIT V. Dr. B. Venkata Rao MANU/SC/1284/1999: 243 ITR 81, dealt with a question as to whether a building of “Nursing Home” is plant and machinery. In that case, the ITAT has held that the nursing home to be a plant and the same was affirmed by the High Court. In the appeal, the Supreme Court held that since the nursing home is equipped to enable the sterilization of surgical instruments and bandages to be carried on and it was reasonable to assume that nursing home was equipped with operation theater and, therefore, held to be plant and machinery.

From the careful examination of the catena of judgments cited in the preceding paras, it could be said that the “building”, “premises”, “structure” “roads within the airport or factory”, would squarely fall within the meaning of “plant and machinery” and hence, shall be entitled to “Input Tax Credit notwithstanding the bar laid down in Clause (c) and (d) of Sub-Section (5) of Section 17 CGST Act – of course, in various situations explained in the judgments cited above.

Composition Scheme Under the Central Goods And Services Tax (CGST) Legislation



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It is axiomatic that when a new tax law, *inter-alia*, concerning trade, commerce and business is enacted, the implementational problems are mostly felt by lower and middle income group taxpayers because of their inability to afford the services of tax experts for making compliance to new laws. This situation is likely to be faced when the new destination based law, CGST and SGST, come into force from 1st July, 2017. It is good to find that the policymakers of GST laws have kept this problem in view while designing laws concerning GST by incorporating in such laws composition fee scheme for such category of taxpayers. The composition scheme is examined in four parts i.e. A, B, C and D as under:-

The policymakers of GST laws, it is good to find, have kept the implementational problem mostly felt by lower and middle income group taxpayers in view while designing laws concerning GST by incorporating in such laws composition fee scheme for such category of taxpayers. The present article discusses the composition scheme under the Central Goods and Services Tax Legislation.

PART-A – THE LAW

Section 10 of the CGST provides for composition scheme for taxpayers with aggregate turnover of Rs.50 lakh in a year. However, proviso to section 10(1) provides that the Govt. may, by notification, increase the limit of Rs.50 lakh to such higher amount, not exceeding Rs.1 crore, as may be recommended by the GST Council. In terms of this proviso, the GST Council, in its meeting held on 11th June, 2017, has recommended increase in the aforesaid turnover limit for composition levy for CGST and SGST from Rs.50 lakh to Rs.75 lakh even before the GST law came into force. The GST Council has still to give its view – whether increased turnover limit should apply in case of special category States.

Salient aspects of composition scheme

- [i] It is optional for taxpayers. They have the option to opt for it or not;
- [ii] It applies only to goods – not to services.

This means that a service operator cannot opt for composition fee except small restaurants.

- [iii] the rate of tax varies from 0.5% to 2.5% (amplified later).

Persons, who cannot avail the scheme

- [i] In cases, where tax is payable under reverse charge mechanism.
- [ii] In the case of persons, making inter State supplies;
- [iii] Persons, who are not taxable under GST law;
- [iv] An electronic commerce operator, who is required to collect tax at source;
- [v] Manufacturers of notified goods;
- [vi] In cases, where turnover exceeds the prescribed limit, then for the turnover exceeding such limit – this option will not be available.

Denial of input tax credit

The persons, availing of benefit of paying taxes under composition scheme, will not be eligible to avail of input tax credits.

No collection of tax from recipients of supplies made

A taxable person, to whom the provisions of sub-section (1) of section 10 apply, shall not collect any tax from recipients of supplies made by him.

PAN (issued by the I.T. Dept.) requirement for availing the composition scheme

The threshold limit of Rs.50 lakh would be applicable to persons, who satisfy the following conditions concerning Permanent Account Number (PAN) issued by the Income Tax Dept.:

- [i] All taxable persons, covered by the same PAN, shall avail of the scheme across India.

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For this, the value of goods supplied by a person, which are subject to tax on reverse charge basis, will not be includible in computing the figure of Rs.50 lakh (or Rs.75 lakh if the limit gets increased to this figure).

- [ii] The turnover figure of Rs.50/75 lakh will include all categories of goods, which are taxable as 'supply(ies) of goods';
- [iii] The limit will include value of supplies of all business verticals relating to same taxable person.

PART-B – RULES

Rules have been notified for the operation of composition fee scheme. These are considered in later paragraphs.

[1] Rule (1) – Intimation for composition levy

This Rule is self-explanatory and is reproduced below for ready reference:-

- [1] Any person, who has been granted registration on a provisional basis under sub-rule (1) of rule (Registration) 16 and who opts to pay tax u/s 10 (taxable person), shall electronically file an intimation in Form GST CMP-01, duly signed, on the common portal, either directly or through a Facilitation Centre (notified by the Commissioner), prior to the appointed day, but not later than 30 days after the said day, or such further period as may be extended by the Commissioner in this behalf:

Provided that where the intimation in Form GST CMP-01 is filed after the appointed day, the registered person shall not collect any tax from the appointed day but shall issue bill of supply for supplies made after the said day.

- [2] Any person, who applies for registration under rule (Registration) 1, may give an option to pay tax u/s 10 in Part-B of Form GST REG-01, which shall be considered as an intimation to pay tax under the said section.
- [3] Any registered person, who opts to pay tax u/s 10, shall electronically file an intimation in Form GST CMP-02, duly signed, on the common portal, either directly or through a Facilitation Centre (notified by the Commissioner) prior to the commencement of the financial year for which the option to pay tax under the aforesaid section is exercised and shall furnish the statement in Form GST ITC-3 in accordance with the provisions of

sub-rule (4) of rule (ITC) 9 within 60 days from the commencement of the relevant financial year.

- [4] Any person, who files an intimation under sub-rule (1) to pay tax u/s 10 shall furnish the details of stock (including the inward supply of goods received from unregistered persons) held by him on the day preceding the date from which he opts to pay tax under the said section, electronically, in Form GST CMP-03, on the common portal, either directly or through a Facilitation Centre (notified by the Commissioner), within 60 days of the date from which the option for composition levy is exercised or within such further period as may be extended by the Commissioner in this behalf.
- [5] Any intimation under sub-rule (1) or sub-rule (3) (infra) in respect of any place of business in any State or Union Territory, shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

The form, to be filed for this purpose, is GST COMP-01.

[2] Rule (2) – Effective date for composition levy

This Rule has two sub-rules, which read as under:-

- [1] The option to pay tax u/s 10 shall be effective from the beginning of the financial year, where the intimation is filed under sub-rule (3) of rule 1 and the appointed date, where intimation is filed under sub-rule (1) of the said rule.
- [2] The intimation under sub-rule (2) of rule 1 shall be considered only after grant of registration to the applicant and his option to pay tax u/s 10 shall be effective from the date fixed under sub-rule (2) or (3) of rule (Registration) 3".
- This Rule caters to 3 situations namely (i) where a taxpayer migrates to GST regime from old regime; (ii) seeks registration for the first time; or (iii) is already a registered taxpayer, paying tax at normal rate. In the first case, the intimation is to be given on 'appointed date', in the 2nd situation from the date of registration, and in the third case, from the date of commencement of financial year.
- [3] Rule (3) – Conditions and restrictions for composition levy
- The conditions and restrictions provided by this Rule, which the person, exercising the option, has to comply with, as stated in sub-rule (1) are:-

- [a] The person, exercising the option, is neither a casual taxable person nor a non resident taxable person;
- [b] The goods held in stock by him on the appointed day have not been purchased in the course of inter State trade or commerce or imported from a place outside India or received from his branch situated outside the State or from his agent or principal outside the State, where the option is exercised under sub-rule (1) of rule 1;
- [c] The goods held in stock by him have not been purchased from an unregistered person and where purchased, he pays the tax under sub-section (4) of section 9;
- [d] He shall pay tax under sub-section (3) or sub-section (4) of section 9 on inward supply of goods or services or both received from unregistered persons;
- [e] He was not engaged in the manufacture of goods as notified under clause (e) of sub-section (2) of section 10, during the preceding financial year;
- [f] He shall mention the words 'composition taxable person, not eligible to collect tax on supplies' at the top of the bill of supply issued by him; and
- [g] He shall mention the words 'composition taxable person' on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

Sub-rule (2) of Rule 3

This sub-rule provides that option for composition fee is to be filed once only and reads thus:-

"(2) The registered person, paying tax u/s 10, may not file a fresh intimation every year and he may continue to pay tax under the said section, subject to the provisions of the Act and these rules".

Rule 4

This is a long rule and provides as under:-

- [1] The option exercised by a registered person to pay tax u/s 10 shall remain valid so long as he satisfies all the conditions mentioned in the said section and these rules.
- [2] The person, referred to in sub-rule (1), shall be liable to pay tax under sub-section (1) of section 9 from the day he ceases to satisfy any of the conditions mentioned in section 10 or these rules and shall issue tax invoice for every taxable supply made thereafter and he shall also file an intimation for withdrawal from the scheme in Form GST CMP-04 within seven days of occurrence of such event.
- [3] The registered person, who intends to withdraw from the composition scheme shall, before the date of such withdrawal, file an application in Form GST CMP-04, duly signed, electronically on the common portal.
- [4] Where the proper officer has reasons to believe that the registered person was not eligible to pay tax u/s 10 or has contravened the provisions of the Act or these rules, he may issue a notice to such person in Form GST CMP-05 to show cause within 15 days of the receipt of such notice as to why option to pay tax u/s 10 should not be denied.
- [5] Upon receipt of reply to the show cause notice issued under sub-rule (4) from the registered person in Form GST CMP-06, the proper officer shall issue an order in Form GST CMP-07 within 30 days of receipt of such reply, either accepting the reply or denying the option to pay tax u/s 10 from the date of option or from the date of the event concerning such contravention, as the case may be.

- [6] Every person, who has furnished an intimation under sub-rule (2) or filed an application for withdrawal under sub-rule (3) or a person in respect of whom an order of withdrawal of option has been passed in Form GST CMP-07 under sub-rule (5), may electronically furnish at the common portal, either directly or through a Facilitation Centre (notified by the Commissioner), a statement in Form GST ITC-01 containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn or denied, within 30 days, from the date from which the option is withdrawn or from the date of order passed in Form GST CMP-07, as the case may be.
- [7] Any intimation for withdrawal under sub-rule (2) or (3) or denial of the option under sub-rule (5) in respect of any place of business in any State or Union Territory, shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

Forms, to be filed in the context of rule 4

<u>Contingencies</u>	<u>Form No.</u>
[a] For voluntary withdrawal from the scheme	GST CMP-04
[b] Situation, where a person ceases to satisfy any of the conditions of composition levy	GST CMP-05
[c] When a proper officer withdraws benefit of scheme if he has reason to believe that the registered person was not eligible to pay tax under composition or has contravened any such provisions	GST CMP-06

Where the benefit of the composition scheme is to be withdrawn, the proper officer shall issue order within 30 days of the receipt of reply to show cause notice in form GST COMP-06 (*supra*).

PART-C – RULES


Rule 5

This rule prescribes that the category of registered persons, eligible for composition levy u/s 10 and these rules, specified in column (2) of the Table below shall pay tax u/s 10 at the rate specified in column (3) of the Table.

[1]	[2]	[3]
Sl. No.	Category of registered person	Rate of tax
1	Manufacturers, other than manufacturers of such goods, as may be notified by the Govt.	1%
2	Suppliers, making supplies referred to in clause (b) of paragraph 6 of Schedule II	2.50%
3	Any other supplier eligible for composition levy u/s 10 and these rules	0.50%

PART-D

CONCLUSION

The composition scheme is meant to facilitate the lower and middle level taxpayers, who can avail of the same to have a simplified compliance to the new GST law. How it works can be known only after the GST law comes into force at the Central and State levels. Refinements to the scheme can be made after it is in operation at least for one year. 

Anti Profiteering Measures in GST Law



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The GST law contains a unique provision on anti-profiteering measure as a deterrent for trade and industry to enjoy unjust enrichment in terms of profit arising out of implementation of Goods and Services Tax in India, i.e., anti-profiteering measure would obligate the businesses to pass on the cost benefit arising out of GST implementation to their customers.

The present article discusses the anti-profiteering measure in GST Law which would obligate the businesses to pass on the cost benefit arising out of GST implementation to their customers.

The provisions are contained in the GST law as per following provisions:

CGST Act, 2017	Section 171 on Anti-profiteering measures
IGST Act, 2017	Section 20 which stipulate that provisions of CGST Act, 2017 shall apply <i>mutatis mutandis</i> to IGST Act
UTGST Act, 2017	Section 21 which stipulate that provisions of CGST Act, 2017 shall apply <i>mutatis mutandis</i> to UTGST Act
SGST Act, 2017	Section 171 on Anti-profiteering measures

STATUTORY PROVISIONS OF ANTI-PROFITEERING MEASURE (SECTION 171)

The following is the text of section 171 of the CGST Act, 2017:

“

1. Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.
2. The Central Government may, on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority constituted under any law for the time being in force, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.”

OBJECTIVE OF ANTI-PROFITEERING MEASURE

Section 171 provides that it is mandatory to pass on the benefit due to reduction in rate of tax or from input tax credit to the consumer by way of commensurate reduction in prices.

CONCEPT OF ANTI PROFITEERING MEASURE

While every business would like to earn more and more profits from business, given an opportunity, it is a fact that GST is a new concept being introduced in India for first time and claimed as a major tax reform and that experience suggests that GST may bring in general inflation in the introductory phase. The Government wants that GST should not lead to general inflation and for this, it becomes necessary to ensure that benefits arising out of GST implementation be transferred to customers so that it may not lead to inflation. For this, anti profiteering measures will help check price rise and also put a legal obligation on businesses to pass on the benefit. This will also help in instilling confidence in citizens.

ANALYSIS OF ANTI-PROFITEERING MEASURE

This is a new concept being tried out for the first time. The intention is to make it sure that whatever tax benefits are allowed, the benefit of that reaches to the ultimate customers and is not pocketed by trade.

The power has been given to Central Government to constitute an authority to oversee whether the commensurate benefit of allowance of input tax credit or reduction in the tax rates have been passed on to the final customer.

* Also ACIS (UK).
Former Chairman, NIRC of ICSI.

Sub-section (2) of section 171 of the Act provides for establishment of an authority for an anti-profiteering clause in order to ensure that business passes on the benefit of reduced tax incidence on goods or services or both to the consumers.

The authority constituted by Central Government will have powers to impose a penalty in case it finds that the price being charged has not been reduced consequent to reduction in rate of tax or allowance of input tax credit.

HIGHLIGHTS OF ANTI – PROFITEERING MEASURE (SECTION 171)

- To be administered by Central Government
- By new / existing authority
- Commensurate reduction in prices
 - * Due to Input Tax Credit (ITC)
 - * Due to reduction in cost
- May impose penalty for not passing benefit to customers
- Penalties to be prescribed

AUTHORITY FOR CHECKING ANTI-PROFITEERING ACTIVITIES

The Government has notified anti-profiteering authority (APA) which will check any undue increase in prices of products of companies under GST. The APA will work to check any undue increase in prices of products by taxpayer companies under the GST regime.

It will work in a three-tier structure- a Standing Committee on Anti-profiteering as well as State-level Screening Committees. The National Anti-Profiteering Authority would consist of five members, including a Chairman.

It will also constitute State-level Screening Committees, which will have one officer of the State Government, to be nominated by the Commissioner, and one officer of the Central Government, to be nominated by the Chief Commissioner. The Additional Director

6 The orders passed by the APA shall follow the principles of natural justice and as such, opportunity of being heard shall be provided. The rules are silent on further appeal against orders of APA. Nor does it stipulate that such orders shall be final. It provides that orders passed by APA have to be complied with immediately by the registered person.

General of Safeguards will be the Secretary to the Authority.

Salient features of Anti-Profiteering Authority (APA)

- To be set up under Anti-Profiteering Rules, 2017
- Does not cover State of J&K
- Director General of Safeguards
- To determine methodology & procedure
- Cooperation with other agencies (income tax, police, revenue intelligence etc)
- Power to summon
- Order monitoring by IGST / SGST / CGST authority
- Tenure of 2 years.

FUNCTIONS OF AUTHORITY

The Authority under section 171 shall have the following monitoring functions :

- A. Input tax credit availed by taxpayer have actually resulted in commensurate reduction in price of goods / services
- B. The reduction in prices on account of reduction in tax rates have actually resulted in a commensurate reduction in price of goods / services.

DUTIES OF APA

As per Rule 8, APA shall be duty bound:

- to determine whether any reduction in rate of tax on any supply



- of goods or services or the benefit of the input tax credit has been passed on to the recipient by way of commensurate reduction in prices.
- to identify the registered person who has not passed on the benefit of reduction in rate of tax on supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices.

The powers to take action are also listed as duties whereby it can order price reduction, refund of profit, recovery, penalty or even cancellation of GST registration.

IMPLEMENTATION OF PROVISION AND PROCEDURE

There will be rules or guidelines for implementation of this provision in relation to who will implement this provision, constitution and business rules for authority to monitor, possible cost audit monitoring, from when this provision will be implemented and how authority will check and implement.

The Authority may determine the methodology and procedure for determination as to whether the reduction in rate of tax on the supply of goods or services or the benefit of input tax credit has been passed on by the registered person to the recipient by way of commensurate reduction in prices.

Within two months of receiving an application, the Standing Committee would examine it and send it to the State Level Screening Committee. Based on its recommendations, the Director General of Safeguards would investigate the complaint within a period of three months.

The authority will have a chairman of the rank of a secretary and four nominated members who have been commissioners of central or state taxes. The GST Council will have the power to constitute a Standing Committee on Anti-profiteering, which will consist of officers of state governments and the central government.

If found to have merit, the complaint would then be forwarded to the authority. It would pass its order within three months. "An opportunity of hearing shall be granted to the interested parties by the Authority where any request is received in writing from such interested parties.

It will be up to the authority to determine whether the reduction in the rate of tax on goods or services or the benefit of input tax credit has been passed on by companies and dealers to customers.

The standing committee will, within two months from the receipt of a written application from a complainant, establish whether there is evidence to support the claim. All applications will first be examined by state level screening committees, which will forward them with their recommendations to the standing committee.

The orders passed by the APA shall follow the principles of natural justice and as such, opportunity of being heard shall be provided. The rules are silent on further appeal against orders of APA. Nor does it stipulate that such orders shall be final. It provides that orders passed by APA have to be complied with immediately by the registered person.

Orders issued by APA

- Within 3 months of report of DGS
- Opportunity of being heard

- By majority in case of difference of opinion
- Compliance by registered person immediately
- No clarity on whether order appealable or not

POWER TO CANCEL REGISTRATION OF ASSESSEE

Anti-Profiteering Authority (APA) shall act as monitoring and regulatory authority to curb anti-profiteering practices of tax payers under GST regime. The APA shall be duty bound to:

- Make company reduce the prices
- Make company refund the money to the consumer alongwith interest @ 18% p.a.
- Order company to deposit the refund amount in the Consumer Welfare Fund (in case the buyer is not identifiable)
- Impose monetary penalty equivalent to amount involved in undue profiteering
- Cancel registration of the assessee

However, such action would be based on the recommendations of the Directorate General of Safeguards. Also such powers would be used in extreme cases.

The power to deregister or cancel the registration, if invoked frequently and too lightly may hamper business environment and instill fear and distrust amongst taxpayers. The power to levy penalty may be justified but taking away the right to do business may be too harsh and even unconstitutional. There could also be disputes on undue profiteering which may not actually be so as there would be other costs / overheads which may set off the profit, if any, accruing from GST efficiency. It will also add to disputes and litigation.

In fact instead of having power to cancel registration (which tantamount to taking away right to do business itself as registration is mandatory), it could have been better if a cost audit is directed in such cases and then an appropriate action taken, if needed, on a case to case basis.

Indirectly, it may imply that Government will now decide or dictate the businessmen on how to do business or what gross profit ratio they should have or maintain. This will also question the business acumen of enterprises and entrepreneurs. In fact one of the penal actions which could be thought of is also to substantially down grade the GST compliance rating in such cases.

Why Companies are fretting against Anti-profiteering law

- No clear cut mechanism for determining anti-profiteering
- Rules only outline the procedure to be followed for investigation and enquiry
- Discretionary powers to arrive at commensurate reduction under the Central GST Act
- Vulnerable to legal challenge questioning 'excessive delegation' by Parliament
- No clarity on whether de-registered firms can re-commence business

ANTI-PROFITEERING RULES

The GST Council in its meeting on 18th June, 2017 approved and the Government has released the Anti-Profiteering Rules, 2017 which extend to whole of India except to State of Jammu and Kashmir. These contain rules inter alia, in relation to-

- Short title, extent and commencement
- Definitions of Committee, Authority and interested party

Global experience suggest that anti-profiteering provisions are only effective if there is a significant lead-in time to allow the relevant authority to educate consumers and businesses as to their respective rights and obligations.

3. Constitution of the Authority
4. Constitution of the Standing Committee and Screening Committees
5. Appointment, salary, allowances and other terms and conditions of service of the Chairman and Members of the Authority
6. Secretary to the Authority
7. Power to determine the methodology and procedure
8. Duties of the Authority
9. Examination of application by the Standing Committee and Screening Committee
10. Initiation and conduct of proceedings
11. Confidentiality of information
12. Cooperation with other agencies or statutory authorities
13. Power to summon persons to give evidence and produce documents
14. Order of the Authority
15. Decision to be taken by the majority
16. Compliance by the registered person
17. Monitoring of the order
18. Tenure of Authority

TIME PERIOD OF PROVISION

Section 17 on anti-profiteering means, shall have a sunset clause. The rules framed for anti-profiteering as approved by the GST Council indicate that it would operate for a period of only two years. Thus, it would cease to exist after two years of being in force.

ANTI PROFITEERING MEASURES ABROAD

Global experience suggest that anti-profiteering provisions are only effective if there is a significant lead-in time to allow the relevant authority to educate consumers and businesses as to their respective rights and obligations. The concept of anti-profiteering provision has been perhaps borrowed from Australia which was the first country to enact similar provisions when it replaced a series of inefficient taxes with a GST in July, 2000. The Australian Competition and Consumer Commission (ACCC) was charged with the responsibility of monitoring prices 12 months before the commencement of GST. The ACCC's focus was on educating consumers and businesses. This included the publication of pricing guidelines, communication strategies for different market segments and 'hot lines' for consumers and businesses to get advice. Education was supported by extensive and sophisticated monitoring of prices leading up to the introduction of GST and in the months immediately following.

Malaysia also introduced an anti-profiteering provision, along with the introduction of GST in April, 2015 but it led to widespread litigation and was found to be administratively difficult to implement.

In Malaysia, the price control mechanism on account of GST does not fall under the purview of the GST Act, but under the Ministry of Domestic Trade and Consumer Affairs. The Price Control and Anti-profiteering Act, 2011 had been enacted to control price of goods



and charge for services and to prohibit unreasonably high profiteering by suppliers. The mechanism to identify unreasonably high profit is governed by the amendments brought about to the Act in 2014, read with the Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit) (Net Profit Margin) Regulations, 2014. Countries like Canada and New Zealand also have similar provisions.

CONCLUSION

Penalties, to be deterrent will also have to be determined in interest of customers as well as businesses. It will also have to be ensured that there is no hardship, harassment or undue interference by the Authority. At the same time, businesses are expected to be fair and reasonable as otherwise, market forces would lead to fair price determination in absence of any cartelization or unfair trade practice.

It may be noted that anti-profiteering measure in GST law is meant to be a deterrent and is an enabling clause so that reduction in tax incidence due to the GST is passed on to the consumers. This is a contentious provision which should be triggered only if there is a credible complaint. Both, centre and states in due course, shall prescribe the procedure for filing the complaints where the complainant has to establish the facts that the benefit of tax cut has not been passed on to him as well as the quantum of penalty to be imposed. There are many aspects that are currently open ended. An authority is to be empowered to examine this. The finer rules and regulations and penalties are not yet known. The yardstick that would be deployed for such measurement also needs to be spelled out.

To conclude, it can be said that the anti profiteering provision should be enforced in rare case as an exception, rather than as a rule and should not become a hindrance in free business environment and as a tool to invite corruption.

Anti profiteering must equally apply to the exchequer as GST should also not result in undue tax collection (i.e., extra ordinary tax revenue growth) which is much above the GDP growth itself. Can that be thought of and explored ! Let there be level playing field for everyone-the tax collector and tax payer. The tax paid is also a cost to be recovered from customer as after all it is an indirect tax. CS

Analysis of Registration Provisions and Transitional Provisions Under GST



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1. REGISTRATION REQUIREMENTS UNDER GST LAW

- 1.1 The law is very clear on its part that a person is required to get registered in each State from where he makes the taxable supply. Further, it provides for a threshold of Rs. 20 Lakhs or Rs. 10 Lakhs as the case may be, for registration. This limit shall be calculated on PAN India basis of such person including exempted supply, export supply and non-taxable supply.

The author presents an analysis of provisions of GST with respect to the requirement to get the registration under GST law. Now a days the most important question in everyone's mind is to set forth the principles to decide the requirements to get a place registered or not.

- 1.2 The law also provides a list of 15 persons who are required to get the registration under GST irrespective of the value of turnover i.e. such persons are required to get registration even if they are not having any outward supply. List of such persons are summarized as below:
 - 1.2.1 persons making any inter-State taxable supply,
 - 1.2.2 persons who are required to pay tax under reverse charge,
 - 1.2.3 persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise,
 - 1.2.4 Input Service Distributor, whether or not separately registered under this Act;
 - 1.2.5 persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;

2. EXEMPTION FROM GETTING REGISTRATION UNDER GST

- 2.1 There are only two situations where a person will not be required to get registered under GST law. The same is provided under section 23 of CGST Act, 2017.
 - 2.1.1 As per section 23 of CGST Act, 2017, any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax i.e. Non-taxable supply or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act, is not required to get registered under GST.
 - 2.1.2 Also, it provides that an agriculturist, to the extent of supply of produce out of cultivation of land, is also not liable to get registration.
- 2.2 If a person is engaged exclusively in the business of above mentioned supplies, then he is not required to get registered.

3. WHAT CONSTITUTES PLACE FROM WHERE THE PERSON IS MAKING THE SUPPLY WHICH IS REQUIRED TO BE REGISTERED?

- 3.1 It is not provided in the law, the definition or explanation on the place from where the person is making supply and such place is required to be registered.
- 3.2 The law provides that if the location of supplier and place of supply is in one State then such transaction shall be Intra-State Supply otherwise Inter-State Supply;
- 3.3 To determine the category of supply, we should know the location of supplier;
- 3.4 Therefore, the law provides the definition of location of supplier. The location of supplier means,

- 3.4.1 The place of business which is registered under GST Act, 2017;
- 3.4.2 The fixed establishment, which is not registered under GST Act, 2017;
- 3.4.3 Usual place of residence;

3.5 If the person is providing services or goods or both from fixed establishment which is not registered, then such establishment is required to be registered and charge GST accordingly. If the

Fixed establishment: -means a place (other than the registered place of business) which is characterized by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs;

person does not register such fixed establishment, then he shall be required to deposit the tax liable to be paid from such establishment along with interest and penalty.

- 3.6 Apart from the place of business, the taxable person is to effect supply from a place which has,
- (a) Sufficient degree of permanence, and
- (b) Human and technical resources.
- If these two elements are not present then such place will not be a fixed establishment. It will also not be a fixed establishment if even these elements are partially missing

4. FACTORS DETERMINING FIXED ESTABLISHMENTS

- 4.1 We have analyzed and summarized the following factors which would determine the fixed establishment. If some of the following factors are positive then it can be concluded that such establishment shall be required to get registered:-
- 4.1.1 Whether any premise is taken on rent ?
If yes, period of lease agreement ?
- 4.1.2 Whether any sub consultant service or any other cenvatable service is received for that project in that State ?
- 4.1.3 Whether any fixed assets is purchased in relation to the project and deployed in that State?
- 4.1.4 No. of employees working at such other location?
- 4.1.5 Location from where the billing is done to the client?
- 4.1.6 Whether any other registration in a State ?
- 4.1.7 Place from where the services are rendered ?

5. ILLUSTRATIONS

- 5.1 ABC firm of Chartered Accountants, registered in Delhi conducts statutory audit of a company XYZ Ltd. located in Maharashtra. The employees of the firm resides in the guest house of the company for 2 months to complete the audit process in Maharashtra. Whether ABC firm is required to get registration in Maharashtra ?
No, since such guest house do not constitute fixed establishment of the firm.
- 5.2 A Ltd. Having head office in Haryana and project office in Bihar. The client is also located in Bihar. A Ltd. renders engineering services with respect to a project through its team of employees dedicated to such project office. The company also receives services at such project office.



Whether A Ltd is required to get registration in Bihar ?
Since, the company is providing services from project office located in Bihar through the dedicated team of employees available there only and availing services or goods at such project office, then it should get registered in Bihar.

TRANSITIONAL PROVISIONS UNDER GST

The restoring provisions:-

1. Overview:

The day, 01-07-2017, shall be remembered as GST day in the history of Indian financial transformation. GST is a law which subsumes multiple indirect taxes levied by Central Government and State Government. This law is internationally adopted by many developed countries. The implementation of the law will be a teething problem for all the industries, traders, etc. To give a better transformation to GST, the law provides for transitional provisions which deals with multiple issues of existing taxpayers. Let us discuss in brief the major issues which are provided in such provisions.

2. Necessary solutions to situations faced by Manufacturers, Traders or Service providers:

2.1 Registration under GST for existing taxpayers:

- 2.1.1 As per the Act, every entity registered under any of the earlier laws shall be issued a certificate of registration on a provisional basis under form REG 25 for each state. This certificate will be valid for a period of 3 months within which a registered taxpayer may have to furnish the required information for final registration.
- 2.1.2 The enrollment process has been re-opened from 27-06-2017.

2.2 Cenvat credit or VAT credit (and entry tax) claimed in return filed under earlier law:

- 2.2.1 It is well provided in the law that cenvat credit and VAT credit relating to earlier tax law shall be allowed on the basis of credit appearing in last return filed under earlier law. There are conditions to avail this, credit should be admissible under this Act, return should have been filed for a period of six months prior to 01-07-2017 and credit should not be related



to supply of exempted goods. It may be noted that last date for filing of service tax return for April 17 to June 17 period is 15-08-2017.

2.2.2 Further, there is provision for state VAT dealers that Form C, F, H, I should be taken from the clients/customers to avail the credit relating to such supply. If not collected, the same may be refunded as per CST Rules, 1957. This is a case of inter-state sale where taxes were paid with concessional rate (eg. CST @ 2%).

2.3 What about un-availed Cenvat credit or input tax of Capital goods:

2.3.1 It will be allowed to carry forward in the electronic credit ledger after filing of Form TRAN 1 within 90 days from the appointed day.

2.4 A Person Who Was Not Availing Cenvat Credit or Input Tax Since not Liable to be Registered, Engaged in Supply of Exempted Goods, FSD/SSD, Registered Importer, Depot of Manufacturer but Liable To Tax Under This Act, Whether Eligible To Get Cenvat Credit Or Input Tax on Closing Stock Available As On 30-06-2017

2.4.1 Such person shall be eligible to get the Cenvat credit or input credit on raw material in stock, raw material in semi-finished goods and finished goods subject to fulfillment of some conditions;

2.4.2 There should be a duty/tax paying document;

2.4.3 Such document should not be of 12 months older purchase of raw material;

2.4.4 Such inputs shall be used in taxable supplies;

2.4.5 Input tax credit should be allowable under GST;

However, if 2.4.2 condition is not satisfied then VAT dealer i.e. trader may opt for cash incentive scheme of 40% or 60% of rate of tax under GST. This can be availed by following the rules prescribed.

2.5 What about the Cenvat credit as per return of a service provider who has taken centralized registration but in GST, having different registration?

2.5.1 Such taxable person is eligible to transfer the cenvat credit to any of the registered person having same PAN. There is no specific method prescribed for

distribution hence the taxpayer may distribute as per his choice. This shall be carried over as CGST.

2.6 Whether cenvat credit reversed under service tax against non-payment to creditors appearing as on 30-06-2017 can be re-availed under GST?

2.6.1 Yes. Under GST the government has provided 3 months' time period from 01-07-2017 i.e. 30-09-2017 for payment to the vendor and re-avail the unclaimed cenvat credit.

2.7 Taxability of inputs sent to job worker under earlier law:

2.7.1 If returned within 6 months from 01-07-2017 then no tax shall be payable. If not returned then ITC shall be recovered;

2.7.2 The said period of 6 months may be extended by the commissioner for further 2 months;

2.7.3 The inputs or goods may be sent to job worker for further processing, manufacturing, testing, etc;

2.7.4 **The detail of such stock lying as on 30-06-2017 is required to be reported under Form TRAN 1 to avail the benefit of above mentioned provisions;**

2.8 Input tax credit of Goods in transit

2.8.1 The taxpayer should account for such inputs or services which are received after 30-06-2017, in the books of accounts within 1 month from 30-06-2017;

2.9 What about the cases of sales return sold in earlier tax period and returned after 30-06-2017

2.9.1 The tax paid earlier shall be availed as input tax credit by the taxpayer, if the client or customer was un-registered. But if sales return from registered person then it shall be deemed to be a supply from such person to taxpayer;

2.9.2 The goods should have been purchased not earlier than 6 months;

2.9.3 The goods should not be returned after 6 months from 30-06-2017;

Please note that revised return shall be considered only if it is filed within 3 months from the appointed date and if there is an increase in cenvat credit amount claimed in the original return, such increase shall be claimed as refund under earlier law only.


Further, the taxpayer is also required to file the Form TRAN 1 within 90 days from 01-07-2017.

PREPAREDNESS

In order to avoid litigations on account of transitional issues and any financial loss, taxpayer should evaluate transitional requirements and list down eligible credits, stock details along with status to determine the impact and transitional compliances required.

We have highlighted the key transition issues which would have practical implications. Therefore, it is very important to prepare for enabled and efficient processes to meet the peculiar needs of this emerging law.

CONCLUSION

With the above provisions and analysis it is highly advisable to analyze the current contracts and compare with the provisions for correct compliance of the law. Further, any delay or incorrect decision could cause a big financial loss to a taxpayer. 

Composition Levy Under GST- A Boon or Bane



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INTRODUCTION

The appointed date for Goods and Services Tax Law (GST Law or GST) rolled out is 1st of July, 2017. GST Law will affect, directly and indirectly, each and every sector and person. As of today, it appears that compliance burden under GST Law is to increase significantly and more particularly, it will be difficult for the small traders to comply with complex GST Law compliances in time bound manner. Therefore, to relax the burden of compliance for small businesses especially small retailers or traders, a composition scheme has been introduced under GST Law, where the assessee has to pay tax at a minimum rate based on their turnover. This is mostly similar to the provisions in VAT laws of States.

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WHAT IS A COMPOSITION SCHEME?

A composition scheme under GST Law is a scheme which is optional in nature and is provided for small suppliers and manufacturers to pay fixed amount in prescribed percent, in lieu of tax payable in normal levy. Section 10 of the Central Goods and Service Tax Act, 2017 (CGST) read with Composition rules contains the provision with respect to registration, levy, rates, etc. under composition scheme.

ADVANTAGES OF COMPOSITION SCHEME

Below are important advantages under the composition scheme:

1. **Lesser Compliance:** Under GST Law a normal registered person has to file minimum 3 returns monthly and one annual return. It is difficult for small traders and manufacturers to maintain detailed books of accounts on a daily basis and record every transaction with supporting documents. On the other hand, in composition scheme, only a quarterly return is to be uploaded in Form GSTR-4. This will reduce the compliance burden for small traders and manufacturers, and they can focus more on their business activities rather than getting occupied in compliance management.
2. **Limited Tax Liability:** Under the composition scheme, the tax rate for taxpayer who has opted for composition scheme is only 2%, 5% and 1% (CGST+SGST) of the aggregate turnover for manufacturers, restaurant service providers and others respectively. Small suppliers especially B2C suppliers can get good benefit under composition scheme.
3. **More Liquidity:** In case of normal registered taxpayers, working capital will get blocked in Input Tax credit because he can avail the input only if, his supplier has filed the return. So working capital requirements of normal registered taxpayers may increase. Whereas in composition levy scheme, dealer need not worry about his suppliers filing return as he cannot take any input tax credit and he will pay tax at a nominal rate.
4. **Level Playing Field:** Since the rate of tax under composition scheme is very low and minimum compliances to be made, the profit margin of a supplier in composition scheme may be more than a large normal taxpayer. Thus, the supplier who has

6 If the proper officer has reasons to believe that a taxable person has paid tax under composition scheme despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, mutatis mutandis, apply for determination of tax and penalty.

opted for composition scheme may outplay the economies of scale of large enterprises by offering competitive prices.

DRAWBACKS OF COMPOSITION SCHEME

Drawbacks of Composition Scheme are:

1. **Restricted place for Business:** A taxpayer registered under the composition scheme cannot carry:
 - ⇒ inter-state transactions;
 - ⇒ import-export of goods and services or both.
 Therefore, he is forced to carry out only intra-state transactions and this limits the territory of his business and his growth prospects.
2. **No Credit of Input Tax:** Any dealer registered under Composition Scheme cannot avail the benefit of taking credit of input tax credit on inward supplies (purchases). Also, the buyer including registered buyer of those goods will not get the input tax credit on his purchases. Eventually, such buyers might avoid purchases from a supplier registered under composition scheme.
3. **Pay tax from own pocket:** Though the rate of composition tax is kept very low at 1%, 2% or 5% (CGST + SGST), but a taxpayer under composition scheme is not allowed to recover such tax from his buyer and he is not allowed to raise a tax invoice. Consequently, the burden of such tax is kept on the taxpayer himself and this has to be paid out of his own pocket.
4. **Strict Penal provisions:** Utmost care has to be taken while taking benefit of composition levy under GST Law because the penal provisions are very severe. If by any chance, it is established that the assessee is wrongly registered under composition scheme, not fulfilling the required criteria and thereby avoiding taxes may lead to adverse consequences. The defaulter will be then asked to pay taxes along with penalty, which is equal to 100% of taxes put on him. The penalty will not be levied without giving a show cause notice to the dealer.

ELIGIBLE PERSONS FOR COMPOSITION SCHEME UNDER GST (SECTION 10(1) OF CGST)

1. A registered person, whose aggregate turnover in the preceding financial year did not exceed 75 lakh rupees, may opt to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed (by way of Rules).
2. The Government may, by notification, increase the said limit up to one crore rupees, as may be recommended by the Council.

Important points

- i. Section 10(1) of CGST is subject to the provisions of sub-sections (3) and (4) of section 9 relating to levy under

- reverse charge mechanism.
- ii. Getting registered under composition scheme is optional and voluntary.
- iii. For special category states except Uttarakhand, this turnover limit has been reduced to fifty lakh (50 lakhs) rupees. Special Category States where limit is Rs. 50 Lakhs are Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Himachal Pradesh.
- iv. **Registered person:** As per section 2 (94) of CGST Act, "registered person" means a person who is registered under section 25 but does not include a person having a Unique Identity Number;
- v. **Aggregate turnover:** As per section 2 (6) of CGST Act "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.
- vi. **Financial year:** "Financial year" shall mean the year commencing on the first day of April.

DISQUALIFICATION FOR COMPOSITION SCHEME (SECTION 10 (2) OF CGST)

1. The registered person shall be eligible to opt composition scheme, if:—
 - (a) he is not engaged in the supply of services - other than supplies referred to in clause (b) of paragraph 6 of Schedule II;
 - (b) he is not engaged in making any supply of goods which are not leviable to tax under CGST Act;
 - (c) he is not engaged in making any inter-State outward supplies of goods;
 - (d) he is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52 of CGST Act; and
 - (e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council.
 - (f) The composition scheme is not available for manufacturers of tobacco and manufactured tobacco substitutes, pan-masala and ice-cream and other edible ice, whether or not containing cocoa.
2. Where more than one registered person is having the same Permanent Account Number, the registered person shall not be eligible to opt for the scheme under Composition Scheme unless all such registered persons opt to pay tax under Composition Scheme.

Important points:

- i. as per clause (b) of paragraph 6 of Schedule II of CGST Act, composite supplies by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration shall be treated as supply of services. Except above service no other service provider can opt for composition scheme.
- ii. Alcohol for human consumption and petrol and petroleum prod-



ucts are Goods which are not liable to tax under CGST Act.

CONDITION AND RESTRICTIONS FOR COMPOSITION SCHEME (SECTION 10 (4) OF CGST ACT READ WITH RULE 3 OF COMPOSITION RULES)

- (i) A taxable person to whom the provisions of composition scheme apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax. (Section 10 (4) of CGST Act)
- (ii) The person exercising the option to pay tax under section 10 (Composition scheme) shall comply with the following conditions (rule 3 of Composition Rules):
 - (a) he is neither a casual taxable person nor a non-resident taxable person;
 - (b) the goods held in stock by him on the appointed day have not been (i) purchased in the course of inter-State trade or commerce or (ii) imported from a place outside India or (iii) received from his branch situated outside the State or from his agent or principal outside the State, where the option of composition scheme is exercised by way of intimation by persons registered under the existing law migrating on the appointed day.
 - (c) the goods held in stock by him have not been purchased from an unregistered supplier and where purchased from unregistered supplier, he pays the tax under section 9(4) of CGST (Reverse Charge Mechanism). Composition supplier shall pay tax under Reverse Charge Mechanism at normal rate of tax applicable to such supply and not at the rate applicable for his/her category. It is clarified by the Government that the transaction of Rs.5000/- per day exemption will be given in respect of supplies received from unregistered person for the supplies above this amount, a monthly consolidated bill can be raised.
 - (d) he shall pay tax under sub-section (3) or sub-section (4) of section 9 of CGST (Reverse Charge Mechanism) on inward supply of goods or services or both ;
 - (e) he was not engaged in the manufacture of goods as notified under clause (e) of subsection (2) of section 10 of CGST, during the preceding financial year;

- (f) he shall mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him; and
- (g) he shall mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

(2) The registered person paying tax under section 10 (Composition scheme) may not file a fresh intimation every year and he may continue to pay tax under the said section subject to the provisions of the Act and these rules.

Important points:

- i. Casual taxable person: As per Section 2 (20) of CGST Act, “casual taxable person” means a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business;
- ii. Non-resident taxable person: As per Section 2 (77) of CGST Act, “non-resident taxable person” means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India;

LAPSE OF COMPOSITION SCHEME (SECTION 10 (3) OF CGST ACT)

The option availed of by a registered person under composition scheme shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the specified limits i.e. 75 lakhs or 50 lakhs (for special states).

PENALTY (SECTION 10 (5) OF CGST)

If the proper officer has reasons to believe that a taxable person has paid tax under composition scheme despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, mutatis mutandis, apply for determination of tax and penalty.

RATE OF TAX OF THE COMPOSITION LEVY

The category of registered persons specified in column (2) of the Table below shall pay tax at the rate specified in column (3) of the Table given below:

SN	Category of registered persons	Rate of tax
(1)	(2)	(3)
A	Manufacturers, other than manufacturers of such goods as may be notified by the Government	2 % (1 % SGST + 1 % CGST)
B	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	5 % (2.5 % SGST + 2.5 % CGST)
C	Any other supplier eligible for composition levy	1% (0.5% SGST + 0.5 % CGST)

Important points:

- i. Manufacture: As per section 2 (72) of CGST Act, “manufacture” means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term “manufac-

turer" shall be construed accordingly.

INTIMATION FOR COMPOSITION LEVY (RULE 1 COMPOSITION RULES)

Any person willing to opt for composition scheme has to file Intimation duly signed or verified through electronic verification code (EVC), on the Common Portal. Rule 1 of the composition Rules deals with the procedure. Under composition Rules intimation can be classified under following three heads:

1. persons registered under the existing law migrating on the appointed day:

- Any person who has been granted registration on a provisional basis and who opts to pay tax under section 10 (Composition Scheme), shall electronically file an intimation in FORM GST CMP-01, prior to the appointed day, but not later than thirty days after the appointed day, or such further period as may be extended by the Commissioner in this behalf.
- where the intimation in FORM GST CMP-01 is filed after the appointed day, the registered person shall not collect any tax from the appointed day but shall issue bill of supply for supplies made after the said day.
- Any provisionally registered person who files an intimation to pay tax under section 10 (Composition Scheme) shall furnish the details of stock, including the inward supply of goods received from unregistered persons, held by him on the day preceding the date from which he opts to pay tax under the said section, electronically, in FORM GST CMP-03, on the Common Portal within 60 days of the date from which the option for composition levy is exercised or within such further period as may be extended by the Commissioner in this behalf.

2. Persons newly registering under the Act

Any person who applies for registration for the first time may give an option to pay tax under section 10 (Composition Scheme) in Part B of FORM GST REG-01 (GST Registration Form), which shall be considered as an intimation to pay tax under composition scheme.

3. A persons registered under the Act

Any registered person who opts to pay tax under section 10 (Composition Scheme) shall electronically file an intimation in FORM GST CMP-02 prior to the commencement of the financial year for which the option to pay tax under the aforesaid section is exercised and shall furnish the statement in FORM GST ITC-3 within sixty days from the commencement of the relevant financial year.

EFFECTIVE DATE FOR COMPOSITION LEVY (RULE 2 COMPOSITION RULES)

- The option to pay tax under section 10 (Composition Scheme) shall be effective from the beginning of the financial year, where the intimation is filed under sub-rule (3) of rule 1 of composition rule and the appointed day where intimation is filed under sub-rule (1) of the rule 1 of composition rule.
- The intimation under sub-rule (2) of rule 1 of composition rule shall be considered only after grant of registration to the applicant and his option to pay tax under section 10 (Composition Scheme) shall be effective from the date fixed under sub-rule (2) or (3) of rule.

Tabular presentation for effective date for composition levy

for ease of understanding:

The option to pay tax under this scheme shall be effective from the date based upon the timing of filing of intimations based on category of person:

Rule	Category of person	Effective Date to pay tax under composition scheme
Rule 1(1)	Intimation is filed by persons registered under the existing law migrates to composition levy	Appointed day
Rule 1(3)	Intimation is filed by registered persons and Opt for Composition in future	Beginning of Financial Year
Rule 1(2)	Intimation is filed by a person newly registering under GST Law	a. The intimation shall be considered only after registration b. effective from the Date on which the person becomes liable to registration where the application for registration submitted within 30 days, if not, then date of grant of registration.

VALIDITY OF COMPOSITION LEVY (RULE 4 COMPOSITION RULES)

- The option exercised by a registered person to pay tax under Composition Scheme shall remain valid so long as he satisfies all the conditions mentioned in the said section and related composition rules.
- Registered person who opted for Composition Scheme shall be liable to pay tax under section 9(1) of CGST Act from the day he ceases to satisfy any of the conditions mentioned in section 10 or related composition rules and shall issue tax invoice for every taxable supply made thereafter and he shall also file an intimation for withdrawal from the scheme in FORM GST CMP-04 within seven days of occurrence of such event.

WITHDRAWAL FROM COMPOSITION SCHEME

The registered person who intends to withdraw from the composition scheme shall, before the date of such withdrawal, file an application in FORM GST CMP-04, duly signed or verified through EVC, electronically on the Common Portal.

DENIAL OF COMPOSITION SCHEME

- Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under section 10 or has contravened the provisions of the Act or these rules, he may issue a notice to such person in FORM GST CMP-05 to show cause within fifteen days of the receipt of such notice as to why option to pay tax under section 10 should not be denied.
- Upon receipt of reply to the show cause notice from the registered person in FORM GST CMP-06, the proper officer shall issue an order in FORM GST CMP-07 within thirty days of receipt of such reply, either accepting the reply, or denying the option to pay tax under section 10 from the date of option or from the date of the event concerning such contravention, as the case may be.

Note:

Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under section 10 or has contravened the provisions of the Act or these rules, he may issue a notice to such person in Form GST CMP-05 to show cause within fifteen days of the receipt of such notice as to why option to pay tax under section 10 should not be denied.

i. Every person who has furnished an intimation of withdrawal or filed an application for withdrawal or a person in respect of whom an order of withdrawal of option has been passed in FORM GST CMP-07, may electronically furnish at the Common Portal, a statement in FORM GST ITC-01 containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn or denied, within 30 days, from the date from which the option is withdrawn or from the date of order passed in FORM GST CMP-07, as the case may be.

RETURNS UNDER COMPOSITION SCHEME

- Quarterly return [GSTR-4] is required to be filed by composition supplier till 18th of the month succeeding quarter. Composition supplier shall also be required to file annual return in Form GSTR-9A.
- Invoice wise details are not necessary, bill of supply will suffice.
- Composition dealers are not required to give HSN code in their returns and they need not mention HSN Code in Invoice, but description of goods is required to be mentioned in the Invoice.

GST COMPOSITION SCHEME FORMATS

Form No.	Description
GST CMP-01	Intimation to pay tax under section 10 (composition levy) (Only for persons registered under the existing law migrating on the appointed day)
GST CMP-02	Intimation to pay tax under section 10 (composition levy) (For persons registered under the Act)
GST CMP-03	Intimation of details of stock on date of opting for composition levy (Only for persons registered under the existing law migrating on the appointed day)
GST CMP-04	Intimation/Application for withdrawal from composition Levy
GST CMP-05	Notice for denial of option to pay tax under section 10
GST CMP-06	Reply to the notice to show cause
GST CMP-07	Order for acceptance / rejection of reply to show cause notice

TRANSITIONAL PROVISIONS

Any taxpayer who is in Composite Scheme under current regime and transits to Regular Taxation under GST will be allowed to take the credit of Input, semi-finished goods and finished goods on the day immediately preceding the date from which they opt to be taxed as a regular tax payer.

The inputs can only be availed subject to few conditions such as;

a. Those inputs or goods are meant for making taxable out-



- ward supplies under GST provisions.
- The dealer taking the Input Credit was eligible under the previous regime but could not claim due to registered under Composition Scheme.
 - The taxpayer claiming Input credit on goods, those goods should be eligible for such credit under GST regime.
 - The taxpayer must have a valid legal document of input tax credit i.e. he must possess an invoice evidencing that taxes or duties have been paid.
 - Those invoices or documents should not be older than 12 months before the appointed date.
 - GST TRAN-1 to be filed within 90 days from appointed day to claim the input tax credit lying with stock as on 30th June, 2017.

When a taxpayer is shifting from a normal scheme to composition scheme, the taxpayer has to pay an amount which shall be equal to the credit of input tax in respect to those inputs which are held as stock on the immediately preceding date from the date of such switchover. Any balance which is left in Input Tax Credit account after such payment, then that balance will lapse and not usable.

CONCLUSION

Composition scheme has its own merits and demerits, depending upon type of business, type of transaction, etc. The biggest confusion is for small dealers, whether to opt for composition scheme or not?

- Business to Business (B2B):** If a taxable person is carrying out business on B2B model, it is tough call for him to opt for the registration as a composition dealer. If he opts for composition Scheme, such a person cannot avail the input tax credit. Further the buyer of goods from composition dealer cannot get any input tax credit, which may result in cost increase due to cascading effect. This may result in a loss of business for a buyer registered as a normal taxpayer and who buys from a person registered under composition scheme. Eventually, such buyers might avoid purchases from a taxpayer under composition levy.
- Business to Consumer (B2C):** If a taxable person is carrying out business on B2C model, it may be advantageous for him to opt for composition scheme. If the composition rate is low and the net margins are higher, composition scheme may turn out to be a profitable option for the small B2C trader or manufacturer.

Therefore, it is advisable to the suppliers who are planning to opt for composition scheme that they should always do proper cost benefit analysis before taking the decision to register as composition dealer.

Reverse Charge Mechanism – Major Change Under GST



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GOODS AND SERVICES TAX (GST) - MEANING

In simple terms GST is a destination based consumption tax meaning thereby that GST will be levied on goods/services in the State in which it is consumed.

GST a biggest indirect tax reform of India will change the manner of doing business. After implementation of GST various indirect taxes will be subsumed under GST:-

1. Central Excise Duty.
2. Duties of Excise (Medicinal and Toilet Preparations).
3. Additional Duties of Excise (Goods of Special Importance).

Reverse Charge Mechanism (RCM) as introduced in GST will totally change the way business is done. it is introduced to increase tax compliance and tax revenues and to make organised economy which will ultimately help in nation building. Hence it is important to understand the provisions of RCM not only for professionals but also for the business, traders and others who are required to comply with RCM provisions under GST.

4. Additional Duties of Customs.
5. Special Additional Duty of Customs.
6. Service Tax.
7. Central Surcharges and Cesses so far as they relate to supply of goods and services.
8. State VAT.
9. Central Sales Tax.
10. Luxury Tax.
11. Entry tax.
12. Entertainment and Amusement Tax (except when levied by the local bodies).
13. Taxes on Advertisements.
14. Purchase Tax.
15. Taxes on lotteries, betting and gambling.
16. State Surcharges and cesses so far as they relate to supply of goods and services.

GST is a dual tax structure based tax in which both Centre and State has authority to levy and collect tax and is a single rate tax meaning thereby that a particular GST rate on a product/ service is same in the whole India. Till date Government has finalised different rates for different Goods/Services 3%, 5%, 12%, 18% and 28% and export will be zero rated.

GST is leviable on supply of goods/services between taxable persons at such rate as may be notified by Government and collected in the manner prescribed. It is clear that GST would be applicable on "SUPPLY" of goods or services as against the present concept of tax on the manufacture of goods or on sale of goods or on provision of services.

BENEFITS OF GST

- (a) Simpler tax regime with fewer exemptions.
- (b) Reductions in the multiplicity of taxes that are at present governing our indirect tax system leading to simplification and uniformity.
- (c) Reduction in compliance costs - No multiple record keeping for a variety of taxes - so lesser investment of resources and manpower in maintaining records.
- (d) Simplified and automated procedures for various processes such as registration, returns,



- refunds, tax payments, etc.
- (e) All interaction to be through the common GSTN portal - so less public interface between the taxpayer and the tax administration.
 - (f) Will improve environment of compliance as all returns to be filed online, input credits to be verified online.
 - (g) Final price of goods is expected to be lower due to seamless flow of input tax credit between the manufacturer, retailer and service supplier.
 - (h) Refund procedures under GST are convenient and time bound.
 - (i) Single Tax Structure across Country will make boundary less business comfortable.
 - (j) GST will make Indian Economy from unorganized to organized economy which will help in overall Development of Country.

REVERSE CHARGE MECHANISM (RCM)

GST will be collected by the supplier of goods/services from the person/entity to whom the taxable supply of Goods or Services made and deposit to Government account. This is the General Rule of Business. But if the liability of tax deposit lies with the recipient of goods/services then this mechanism is called “REVERSE CHARGE MECHANISM”. All of us are already familiar with this mechanism under Service Tax. Services covered under reverse charge in old regime are:

- (1) Services by an insurance agent to any person carrying on insurance business.
- (2) Services by a recovery agent to a banking company or a financial institution or a non-banking financial company.
- (3) Services by a goods transport agency in respect of transportation of goods by road.
- (4) Services by way of sponsorship and.
- (5) others.

Now under GST regime Reverse Charge will be applicable to both Goods and Services.

As per Section 9(3) of IGST, the Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

The major change is that reverse charge mechanism applies to goods also. The goods and services on which reverse charge mechanism applies will be notified by the GST Council. Till date no Goods are notified but 12 services are notified in GST Council meeting on 19.05.2017 on which reverse Charge applies.

Services under Reverse Charge as Approved by GST Council are:-

S. No	Service	Provider of Service	Percentage of GST payable by service provider	Recipient of Service	Percentage of GST payable by any person other than the service provider
1.	Taxable services provided or agreed to be provided by any person who is located in a non-taxable territory and received by any person located in the taxable territory other than non-assessee online recipient (OIDAR)	Any person who is located in a non taxable territory	NIL	Any person located in the taxable territory other than non-assessee online recipient (Business Recipient)	100%
2.	Services provided or agreed to be provided by a goods transport agency (GTA) in respect of transportation of goods by road	Goods Transport Agency (GTA)	NIL	(a) any factory registered under or governed by the Factories Act, 1948; (b) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; (c) any co-operative society established by or under any law; (d) any person registered under CGST/SGST/ UTGST Act; (e) any body corporate established, by or under any law; or (f) any partnership firm whether registered or not under any law including association of persons. (g) Casual taxable person	100%
3.	Services provided or agreed to be provided by an individual advocate or firm of advocates by way of legal services, directly or indirectly	An individual advocate or firm of advocates	NIL	Any business entity.	100%
4.	Services provided or agreed to be provided by an arbitral tribunal	An arbitral tribunal	NIL	Any business entity.	100%
5.	Sponsorship services	Any person	NIL	Any body corporate or partnership firm	100%
6.	Services provided or agreed to be provided by Government or local authority excluding, - (1) renting of immovable property, and (2) services specified below- (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers	Government or local authority	NIL	Any business entity.	100%

7.	Services provided or agreed to be provided by a director of a company or a body corporate to the said company or the body corporate;	A director of a company or a body corporate	NIL	A company or a body corporate.	100%
8.	Services provided or agreed to be provided by an insurance agent to any person carrying on insurance business	A recovery agent	NIL	A banking company or a financial institution or a nonbanking financial company.	100%
9.	Services provided or agreed to be provided by a recovery agent to a banking company or a financial institution or a non-banking financial company	A recovery agent	NIL	A banking company or a financial institution or a nonbanking financial company.	100%
10.	Services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India	A person located in non-taxable territory to a person located in non-taxable territory	NIL	Importer as defined under clause (26) of section 2 of the Customs Act, 1962.	100%
11.	Transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works	Author or music composer, photographer, artist, etc	NIL	Publisher, Music company, Producer	100%
12.	Radio taxi or Passenger Transport Services provided through electronic commerce operator	Taxi driver or Rent a cab operator	NIL	Any person	100% by Electronic Commerce Operator

It is very much clear that there is no concept of partial reverse charge under GST law which is present in Service Tax Law.

REVERSE CHARGE – UNREGISTERED TO REGISTERED

Now the most important provision of reverse charge under GST is Section 9(4). It says that the GST in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

It implies that any registered person if he receives any taxable goods or services from an unregistered person then the recipient will be liable to pay tax on such goods/services to Govt account. This section will hurt many dealers and service providers as this will increase their compliance burden and also block their working capital.

Let us understand this provision with the help of an example:- A GST registered Company takes services of an unregistered Computer engineer for repair of office Laptop then a registered company has to pay GST on the services received from an unregistered computer engineer as a recipient and deposit to Government Account.

This provision is going to be a crucial provision as many registered service providers and dealers purchase goods or



takes services from unregistered suppliers/service providers. So their compliance burden will be increased.

REVERSE CHARGE FOR E-COMMERCE OPERATOR FOR SERVICES

Section 9(5) of IGST Act, 2017 provides that the Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying tax in relation to the supply of such services:

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

Let us understand with an example - Xyz.com provides services of helpers. Xyz.com is liable to pay GST and collect it from the customers instead of the registered service providers.

REGISTRATION REQUIREMENT UNDER REVERSE CHARGE

The person who is required to pay GST under section 9(3) are mandatorily required to get registered as per section 24(iii) of the CGST Act, 2017.

Section 9(4) of IGST Act 2017 for reverse charge applies to only registered persons.

E-Commerce Operator/representative/appointed person shall be required to register as per section 24(iii) of the CGST Act, 2017.

So all persons who are required to pay tax under reverse charge have to register for GST irrespective of the threshold limits.



TIME OF SUPPLY UNDER REVERSE CHARGE

Time of Supply of goods in case of tax payable under reverse charge

The time of supply will be the earliest of the following dates:

- Date of receipt of goods; or
- Date on which payment is made; or
- The date immediately following 30 days from the date of issue of invoice by the supplier.

Time of Supply of service in case of tax payable under reverse charge

The time of supply will be the earlier of the following dates:

- Date on which payment is made; or
- The date immediately following sixty days from the date of issue of invoice by the supplier.

INPUT TAX CREDIT ON REVERSE CHARGE

Tax paid on reverse charge basis will be available for input tax credit if such goods and/or services are used, or will be used, for business. The person who purchases goods or service recipient (i.e. who pays reverse tax) can avail input tax credit.

EXCEPTION TO REVERSE CHARGE

The exception of reverse charge is that if exempted or non taxable goods/services received from an unregistered supplier then registered person shall not be required to pay tax under reverse charge and if the transactions are between unregistered persons meaning thereby if both the supplier and recipient are unregistered then no need for tax.

CHALLENGES FOR PROFESSIONALS UNDER REVERSE CHARGE

As of now one understands very well the concept of reverse charge under GST. The main provision which will affect majority of the persons is the provision of Section 9(4) of IGST Act, 2017 in which registered person has to pay tax for the purchases/ input services from an unregistered person.

6 The exception of reverse charge is that if exempted or non taxable goods/ services received from an unregistered supplier then registered person shall not be required to pay tax under reverse charge and if the transactions are between unregistered persons meaning thereby if both the supplier and recipient are unregistered then no need for tax.

We hereby talk mainly about professionals who are in practice and provide consultancy and other services. If they currently have not registered under service tax because of threshold limit and shall also not take registration under GST then if they provide any services to any registered company, LLP etc. then that Company/LLP has to pay GST under the provision of section 9(4) of IGST Act, 2017 and in turn increases the compliance burden of the Company/LLP.

Let us understand with the help of an example: Suppose a consultancy firm currently unregistered under GST provides consultancy on Company matters to M/s ABC Pvt Ltd and raise bill of Rs 10000/-, then M/s ABC Pvt Ltd has to pay GST on the bill of the consultancy firm of Rs 10000/- and deposit tax to Government. After depositing tax M/s ABC Pvt Ltd can claim input of GST paid under reverse charge. In this way, although there is no monetary/financial loss to M/s ABC Pvt Ltd for taking services from unregistered person but the compliance burden increases. So M/s ABC Pvt Ltd may either ask the consultancy firm to get registration or prefer some other registered professional for such services.

So the new professionals who currently start their practice and are not registered under GST might have to face such situations. And if they register under GST then they have to make proper and full compliance of every provision of GST which took their time and costs which otherwise they can devote to develop their practice or business.

OPPORTUNITIES FOR PROFESSIONALS UNDER REVERSE CHARGE

As Government has made reverse charge provisions of GST in the way that many of the service providers, dealers have to register under GST in spite of the threshold Limits of Rs 20 Lacs for normal States and Rs 10 Lacs for specified States so the number of registered persons under GST will increase and consequently, require professional help for registration, returns, accounting, refunds, assessment, consultancy etc.

So GST will be of great importance for professionals to provide value added services to their clients and help them to do proper compliance and help in Nation building too.

CONCLUSION

In my view, all the professionals should get registered themselves under GST to avoid any discrimination between registered and nonregistered professionals and to maintain the input credit cycle. Further by taking registration professionals can claim input credit tax on their input services, inputs and capital goods used for business or furtherance of business. ES

Impact of GST on Tourism and Hospitality Sector



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The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. India has moved up 13 positions to 52nd rank from 65th in Tourism & Travel competitive index. The tourism and hospitality industry in India recently got updated with a new set of Goods and Services Tax (GST) rates that will be rolled out from July 1. It will be applied on their services based on the tariffs and turnover they draw, the GST council has finalised.

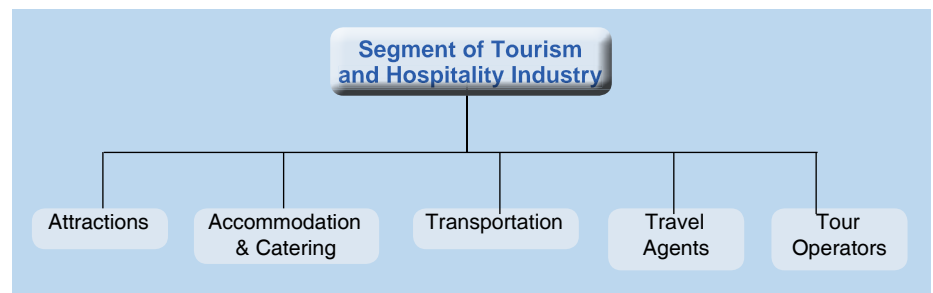
GST has been one of the most awaited tax reforms for India. High GST rates on hospitality may prove to be detrimental for the sector. The high incidence of taxes may make India less competitive when it comes to tourism as international tourists may skip the destination. The government should appreciate that countries like Myanmar, Thailand, Singapore, Indonesia and others levy taxes ranging from 5 to 10 per cent. India cannot afford to have these kind of complex and high GST. A lower tax rate for budget hotels sector will ensure that the industry's quality upgrade continues while delivering standardized accommodation to millions of middle-class-travellers. People like consolidation of taxes as it leads to greater transparency and will help guests and buyers to understand the overall costs.

Before going into details of impact of GST on tourism and hospitality sector, it would be pertinent to make the readers understand the importance of tourism and hospitality sector for emerging economy like India.

- Tourism in India accounts for 7.5% of the GDP and is the third largest foreign exchange earner for the country
- The sector's total contribution to GDP has increased to US\$ 136.2 billion by the end of 2016 and is expected to further grow to US\$ 280.5 billion by 2026
- The industry is expected to generate 13.45 million jobs across sub-segments such as Restaurants (10.49 million jobs), Hotels (2.3 million jobs) and Travel Agents/ Tour Operators (0.66 million).

As explained in the above points, the importance of tourism and hospitality sector for a growing economy like India, it would have been upheaval task for the government to fix the GST rates for the sector given its size and importance.

The segments of Tourism and Hospitality Industry can be illustrated in the following chart:

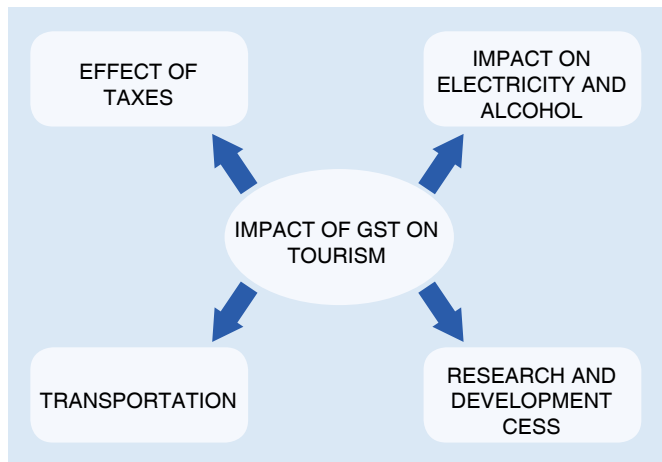


- **Attractions:** Another major component of the travel and tourism industry is

“attractions” such as theme parks and natural attractions including scenic locations, cultural and educational attractions, monuments, events & medical, social or professional causes.

- **Accommodation & Catering:** Accommodation could be on hotels and motels, apartments, camps, guest houses, lodge, bed & breakfast establishments, house boats, resorts, cabins & hostels. In addition, tourist also requires catering facilities, which include hotels, local restaurants, cafeterias and retail outlets serving food and beverages.
- **Travel Agents:** A fragmented sector with a number of independent travel agents & many online businesses. They also sell associated products such as insurance, car hire & currency exchange. Business travel agencies specialise in making travel and accommodation arrangements for business travellers and promoting conference trades.
- **Tour Operators:** Tour Operators consists of customised tours, including travel, accommodation and sightseeing. Only outbound tour sold to a foreigner for visiting another foreign country and the payment is received by convertible foreign exchange is exempt from GST. All other tours (including inbound tours for foreigners) are taxable. GST paid on the purchase of tour packages from another tour operator can be claimed as ITC and only the difference of tax can be paid to the Government. A tour operator must keep accurate records to establish which part of the package relates to exempt supplies, zero rated supplies (travel to a place outside India sold to foreign citizen) and taxable supplies.

The factors which will impact the Tourism and Hospitality sector after GST comes into picture can be explained in the following chart:



- Let us discuss the above points one by one:
Effect of Taxes: The tourism industry is one of the industries which are levied with multiple taxes. There are mainly three taxes involved:
 --By State Government
 ■ VAT
 ■ Luxury tax
 --By Central Government
 ■ Service Tax.

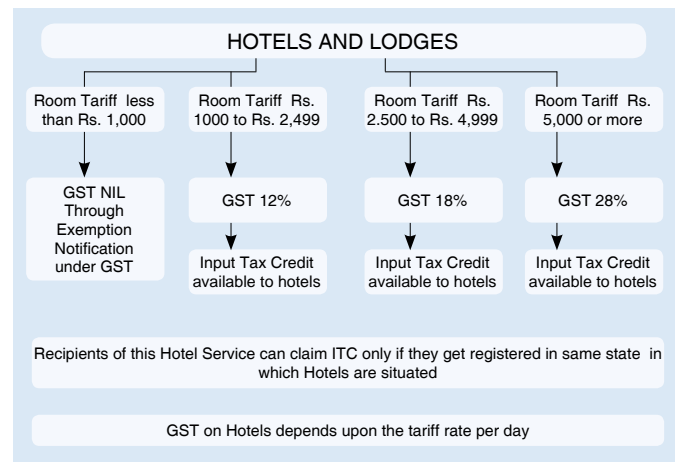
The value of Vat varies from 12% to 14.5% according to state.

One of the worries of the hotel industry which is an important part of tourism industry is the non-inclusion of electricity and alcohol tax in GST. There won't be a single GST for the same. Hotels are known to consume tolls of electricity and not covering it under GST means not being able to fetch benefit from the input credit of the two items.

The luxury tax varies from zero to 12% depending on room type and state whereas the service varies according to the type of service provided.

With the implementation of GST, the cascading taxes would combine. AC restaurants and those with liquor license will be taxed at 18%. Restaurants with ₹ 50 lakhs or below turnover will go under the 5% composition. As per industry figures, the tourism sector employs nearly 37 million people directly and indirectly and generates an annual revenue of about ₹14 lakh crore.

GST ON HOTELS AND LODGES



- **Impact on electricity and alcohol:** One of the worries of the hotel industry which is an important part of tourism industry is the non-inclusion of electricity and alcohol tax in GST. There won't be a single GST for the same. Hotels are known to consume tolls of electricity and not covering it under GST means not being able to fetch benefit from the input credit of the two items.
- **Transportation:** It comprises airline companies, cruise services, railways, car rentals & lots more. A tourist's choice of transport would depend on the travel budget, destination, time, purpose of the tour & convenience to the point of destination. With the advent of GST, transport sector gets affected too. The supply of tour operator services will be taxed @ 5% with no benefit of input tax credit facility.
- **Research & Development Cess:** The research and development cess applicable on technical know-how and franchise fees are likely to be a part and parcel of GST regime.

So, this is how tourism industry would likely be affected or rather be impacted by the GST.

TAXABILITY UNDER GST

According to the CGST Law which neither contains the exemptions nor the rates of taxation, it appears that most of the services in relation to Tourism would be subject to levy of GST as the same is to be treated as 'supply'. Since taxable event is supply, it is necessary to understand certain terms like Location of Supplier of Service, Location of Recipient of Service and Place of Supply. Tourism industry supplies bundle of services and hence Composite Supply and Mixed supply also comes into picture.

Consider an example of booking of air tickets which involves cost of the meal to be provided during travel will be a composite supply and tax will be calculated on the principle supply which in this case is transportation through flight.

HOW TRAVEL & TOURISM INDUSTRY GETS EFFECTED ?

Tourism Industry and travel and tour agents in particular are facing a tough time due to various factors like no commission by the airlines, direct marketing of airlines, higher taxation, poor tourist infrastructure etc. Their major sources of income are listed below:

1. Commission from Airlines, Cruise Companies, Travel Insurance Companies and similar companies.
2. Sale Tour Packages, both inbound and outbound.
3. Travel Related Services like Visa, Passport etc.

One has to understand that an airline or a cruise ticket or the travel insurance policy issued by insurance companies is a contract between the airline/cruise/insurance company and the passenger. The travel agent is only a facilitator who receives commission from the companies. Hence GST on these ticket/policy will only be consumed by the passenger and the agent cannot use them as their input credit. However, the agent has to pay GST on the commission received from the airline/cruise/insurance companies on the reverse basis.

If the agent collects Service Fee as an additional charge from the passenger and show it in the invoice separately, he can add GST on the service fee in the invoice and collect the same from the passenger.

COMPOSITION SCHEME IN TOURISM SECTOR

Composition scheme can be availed in tourism sector by the supplier who is engaged in providing any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption).

Person whose aggregate turnover in the preceding financial year did not have 50 lakh rupees and not having any Inter State Supply and was neither a casual taxable person nor a non-resident taxable person, can avail the benefit under composition scheme. Rate of Tax in case of Composition scheme shall not exceed 2.5% of CGST as well as 2.5% of SGST totalling to 5%.

Composition scheme proposed for restaurant, catering business which will exclude many small players out of the tax



credit chain and may result into additional cascading effect in case of B2B transactions. Assessee opting for composition scheme shall not be entitled to take any credit. However, they need to pay Tax under RCM if they have any inward supply from specified person and that shall add on to their cost. Person foregoing negligible amount of input tax credit, can benefit by opting for composition scheme since their total output liability shall reduce to 5% (2.5% CGST+ 2.5% SGST) as against current liability of 9% - 10%.

DO YOU HAVE TO REGISTER UNDER GST?

Travel agents / Tour Operators have to register for GST if they are providing supply of taxable services in the course of their commercial activities in India and the total (gross) taxable revenue, including of their agents is more than ₹20,00,000.

While they do not have to register if their taxable revenue is ₹20,00,000 or less, they may be able to register voluntarily to claim the input tax credit on services purchased.

The following two persons must register for GST, even if their total taxable revenue is less than ₹20,00,000 threshold:

- Tour & Travel agent who sold tour packages / air-tickets on behalf of other taxable person whether as agent or otherwise.
- Tour Operator selling inter-state tour packages to registered taxable person.
- Non-resident tour & travel agents.

CANCELLATION FEES

All cancellation fees are subject to GST at 5%. Credit note is allowed to be issued for cancellation of air ticket or tour package and GST must be adjusted accordingly. Any amendment charges are subject to GST at 5% for inbound/outbound tour package and domestic air tickets. Amendment charges for outbound tour package and international air ticket are subject to GST at 5%. Arranging for visa and visa fees; (the service or administrative fees imposed) is subject to GST at 18%.

GST IMPACT ON THE TRAVEL INDUSTRY

The taxable supplies for the travel industry are as follows:

- (a) Inbound tour packages (domestic tour), whether sold to Indian resident or Foreign resident.
- (b) Outbound tour packages (international tour) sold to Indian

- resident.
- (c) Agency services.
- (d) Passenger Transportation services (Sea, Land and Air Transport).

Some of the related taxable purchases in the Travel Industry which are subject to GST are as follows:-

- (a) Hotel Accommodation;
- (b) Transportation/ hire of vehicles /car hire;
- (c) Tour package;
- (d) Restaurant meals and dining places;
- (e) Tickets for entry to exhibitions, entertainment venues;
- (f) Hospitality (spas and resort);
- (g) Agency commission;
- (h) Booking Fees;
- (i) Tourist Guide;
- (j) Tour Deposit;
- (k) Amendment Charges for Inbound/Outbound Tour Package and Domestic Air Ticket;
- (l) Travel Insurance;
- (m) Visa Service Fees; and
- (n) Other related tourism services.

TRAVEL INSURANCE

Supply of travel insurance services for an inbound/outbound tour is taxed at applicable rates and the premium charged is subject to GST at 18%. The arranging of travel insurance for inbound or outbound tour is taxed at applicable rates and the commission charged for such a supply is subject to GST at 18%.

AIR TICKETING SERVICE FEE

- Profit mark-up/service fee charged for domestic flight is subject to GST at 18%
- Profit mark-up/service fee charged for international flight dis-embarking from India, is subject to GST at 18%
- If any service fee charged separately, then it is subject to GST @ 18%.
- Any commission received from airline is subject to GST @ 18%.

TOUR PACKAGES

Supply of Tour operator's services are taxable at the rate of 5%. No input tax credit will be allowed when the rate of 5% is charged.

When supply is made to a registered person, GST of 5% will be charged depending upon the location of recipient of services i.e. Customer. Taxable invoice will be issued at the Customer's registered address under GST.

When supply is made to an unregistered person, GST will be charged depending upon the location of Tour Operator. Bill of supply will be issued for the services rendered by Tour Operator.

The tour operator has to identify the nature of supply i.e. whether the tour package services are intra-state or inter-state, which in turn depends upon whether the recipient of service is registered or un-registered.

KEY ISSUES FACING THE TOURISM SECTOR

- High Multitude and Incidence of Taxes on account of

According to the CGST Law which neither contains the exemptions nor the rates of taxation, it appears that most of the services in relation to Tourism would be subject to levy of GST as the same is to be treated as 'supply'. Since taxable event is supply, it is necessary to understand certain terms like Location of Supplier of Service, Location of Recipient of Service and Place of Supply. Tourism industry supplies bundle of services and hence Composite Supply and Mixed supply also comes into picture.

taxation at multiple levels and absence of seamless input credit flow

- Lot of business in this sector gets generated through online medium. Significant amount of clarity is required in the law to deal with e-commerce players and aggregators
- Lack of Proper Infrastructure in terms of access, connectivity and services and many unorganised players in the industry
- Non-availability of skilled & Semi skilled man power required for the industry to attract foreign tourist as well as promote local tourism specially Eco Tourism & Rural Tourism which lacks professional approach towards service and customer satisfaction
- Lack of Marketing, Branding & Promotion efforts for the rural, cultural and Eco friendly remote locations and their conservations.

CONCLUSION

GST has been one of the most awaited tax reform for India. We would like to draw inference that high GST rates on hospitality may prove to be detrimental for the sector which is already reeling under the pressure of demonetisation and liquor ban on highways. However, liquor should have been included in GST to ensure the seamless credit for tourism industry. Since, players in this industry make the most of its consumption. The high incidence of taxes may make India less competitive when it comes to tourism as international tourists may skip the destination. The government should appreciate that countries like Myanmar, Thailand, Singapore, Indonesia and others levy taxes ranging from 5 to 10 per cent. India cannot afford to have these kind of complex and high GST. A lower tax rate for budget hotels sector will ensure that the industry's quality upgrade continues while delivering standardized accommodation to millions of middle-class-travellers. People like consolidation of taxes as it leads to greater transparency and will help guests and buyers to understand the overall costs.

Companies specializing in food and beverages operations could be the biggest beneficiaries of GST within the hospitality sector. Food and beverages bills have multiple components and can inflate the bills by 30-35%. A single-slab tax will benefit consumers and should lead to savings of 10-15% on the overall bill.

GST and its impact on Salaried Employees



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Flip around any newspaper or business magazine and news on GST finds it home. It wouldn't be ostentatious to refer Goods & Services Tax as the *Sanjeevani* of the Indian economy. GST, also coined as Good and Simple Tax by the Hon'ble Prime Minister during the GST launch session is expected to reform the way of doing business.

The article discusses the areas of salary which will directly be impacted upon and others which will have indirect impact as the expenditure of salaried employees be impacted in the GST regime differently than the previous scenario.

GST is relevant more for businesses and not so much for salaried people. The people earning salaries will continue to pay income tax on their salary and it will continue to be deducted from their monthly pay. GST is an indirect tax and as such has nothing to do with income tax or TDS. Having said that, GST will be relevant for salaried people as this new buzz word will continue to impact every corner of their life. GST on almost all their expenses - restaurants, movies, shopping, consulting, construction, virtually everything. Depending on the rate of GST, the expenditure on these products may rise or fall. What will definitely change for salaried people is that their purchases will now be simplified and they would only look for GST on everything that they spend - better than having to deal with hundreds of other taxes on all purchase bills, like entertainment tax, luxury tax, service tax, VAT etc. Impact will be on spending like restaurant services, flying etc which will have up to 18% tax compared to current 15%. Also some goods like FMCG items may come down as will be subject to GST at 18% versus current tax of more than 27%. Almost all countries where GST is implemented have been through a small phase of inflation. INFLATION, is this the only reason why the salaried person gets affected by the GST? It is not the only case. GST will call for changes in the structuring of employer employee transactions as well. In this article we will discuss upon the areas of salary which will directly be impacted upon and others which will have impact indirectly as the expenditure of salaried employees be impacted in the GST regime differently than the previous scenario.

SEGMENT I: IMPACT ASSESSMENT ON TRANSACTIONS BETWEEN EMPLOYER- EMPLOYEE

(A) Supply by Employee to Employer

Section 7 of Central Goods and Services Tax Act 2017 provides that "supply" includes—

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- (b) import of services for a consideration whether or not in the course or furtherance of business;
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration; and
- (d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.

(2) Notwithstanding anything contained in sub-section (1),—

- (a) activities or transactions specified in Schedule III; or
- (b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

shall be treated neither as a supply of goods nor a supply of services.

SCHEDULE III of the CGST Act provides list of activities or transaction which shall be treated neither as a supply of goods nor supply of services. The first item in this exemption list is the Services by an employee to the employer in the course of or in relation to his employment.

Therefore, Supply from Employee to Employer would not be treated as supply provided the same is in the course of or in relation to the employment

(B) Supply by Employer to Employee

B1. Gifts to employees

Schedule I of the CSGT Act, 217 talks about Activities to be treated as supply even if made without consideration

Second proviso to Clause 2 of Schedule I provides that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

Thus, where 'gift' up to value of INR 50,000 is provided by employer to employee in a financial year, same would not qualify as 'supply'.

It is noteworthy that the term 'gift' has not been defined in the GST law

B2. Other Facilities to employees - Employee Benefits

Today the corporate houses provide a bundle of facilities clubbed together as employee benefits to their workforce in order to retain the right talent. In the GST regime, there is a need to access the scope of GST and if such benefits are taxable, who accounts for the GST: employee or employer? It is important that businesses review all the benefits they plan to provide in light of the GST provisions.

In order to ascertain the tax implications, let us first peep into the variety of such employee benefits.

Employee benefits includes any goods (food, drinks, mobile phones, computers etc.) or services (any right, privilege or facility) provided to employees.

Such benefits range from free or concessional meals, bus passes, accommodation, transport, free parking, vouchers, prizes at annual dinners etc.

It is noteworthy that employee benefits also cover benefits given by a third party on behalf of the employer to the employee: e.g. a supplier provides free goods or services to an employee on behalf of the employer.

(A) Exempted Employee Benefits:

⇒ Rent free accommodation provided to employees

- There is a specific exemption provided for services by way of renting of residential dwellings for use as residence, as per the May 19, 2017 issued Service Tax Exemptions as decided by GST Council. Hence the said services should not be liable to GST.

- Some Companies also offer house lease facility wherein Company pays rent, security deposit, brokerage, etc. to the owner and recovers rent paid from employees through payroll deduction. There will arise no GST liability for the aforementioned exemption.

- Also, it is noteworthy that where some Companies provide temporary accommodation to its employees for few weeks of joining, the same is not subject to GST as such benefit is extended by Company for official use.

⇒ Mobile/ laptop and Company Car to employees

- Where, the asset such as mobile, laptop etc are provided for official use (whereby ownership, contract, etc is with the Company) and the said asset is surrendered by the employee on the

cessation of employment, the same will not be treated as supply. Hence, such transaction should not be liable to GST.

- Companies often provide car for use to the senior management and top officials. Since such cars are owned by the Company, the same will not be treated as supply. Hence, such transaction should not be liable to GST. It is noteworthy that the credit of GST paid on purchase of such cars will not be available to the Company.

⇒ Free Meals

- Free meals/ tea/ coffee etc which are provided to all employees at large and not to identified employee/ customer are not be liable to GST.

⇒ Creche Facility

- With the Maternity Benefit (Amendment Act) 2017 getting notified in the Official Gazette on March 28, 2017, it will soon be a mandate for establishments with 50 or more employees to have facility of crèche being provided. No GST liability would arise on such facility provided by the employer. The Company, could however claim input tax credit on the goods/ services so consumed in maintaining the crèche facility.

⇒ Offsite Visits

- Many corporates organise offsite visits /excursions for employees. No GST liability would arise on such event as there is no supply *per se*. The Company, could however claim input tax credit on the goods/ services so consumed (except provisions of Section 17(5) where specifically input tax credit has been prohibited).

⇒ Insurance for employees and family members

- Corporates often provide insurance to employees without charging any premium from them. No GST liability would arise on such transaction as there is no supply. The Company would not be able to claim input tax credit on the premium so paid as the same would not be in the name of the Company and the supply of service is being made to the individual employee.

⇒ Casual /Privilege and Sick Leave

- As there is no supply of goods or services being made, there arises no question of taxability and further these are for all employees at large.

⇒ Recovery on account of loss of ID cards/ other assets

- Company sometimes recovers money from employees on account of lost ID cards, lost company laptop etc which will be treated as 'liquidated damages' and hence, should not qualify as supply liable to GST.

⇒ Employee Stock Option Plan (ESOP)

- Share allotment under ESOP shall not be subject to GST. The employees continue to be subject to perquisite tax on exercise of options into shares and capital gains as and when the sale of such shares are made.

⇒ Benefit/ concession from third party such as Education facility to Staff's Children, Medical facility to Staff & their Family will also be exempt from GST.

Applicability of GST:

1. Supply of servant, driver to top executives - for personal use,

- will be subject to chargeability of GST.
2. Recovery for club services, cable services, Gym services – On the amount charged from the employee, GST would be applicable, unless the same is specifically exempted from GST.
 3. Supplies to employees at discount: Many companies provide employee discount for their products so purchased by the Company. Say for instance, a paint company provides 30% discount on the dealer price to its employees or a garment company provides its separate shopping card wherein the employee can avail 15% off on the purchases so made from its authorised showroom. In all such cases transactions would be classified as supply and subject to GST.
 4. Sale of old assets like laptop etc to employees: Such transaction to be treated as supply and accordingly, liable to GST.
 5. Maintenance Expenditure of Vehicle for personal use could attract GST liability.

Value to be determined as per the Valuation rules as discussed in the second segment of this Article.

B3. Contributions to Provident Fund etc.

There is also a specific exemption for any contribution made to a pension, provident fund or social security fund and that the same shall not be treated as a supply of goods or services.

Service Tax Exemptions to be continued in GST as decided by GST Council release on 19 May 2017:

Services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 (34 of 1948);

Services provided by Employees Provident Fund Organisation (EPFO) to persons governed under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952);

Therefore contributions to EPF, SOCSO and similar organisations will not be subject to GST.

Segment II: Valuation for employer-employee transactions

Section 15 of the CGST Act provides for Valuation Rules. Explanation to Section 15 provides for Related Persons.

- (a) persons shall be deemed to be "Related persons" if—
 - (i) such persons are officers or directors of one another's businesses;
 - (ii) such persons are legally recognised partners in business;
 - (iii) such persons are employer and employee;
 - (iv) any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
 - (v) one of them directly or indirectly controls the other;
 - (vi) both of them are directly or indirectly controlled by a third person;
 - (vii) together they directly or indirectly control a third person; or they are members of the same family;

Since employer and employee have been deemed as 'related person' under, valuation for supplies which are taxable under GST are to be governed in terms of the Valuation Rules issued for related party transactions.

- **Open market value:** Full value in money for supply of goods at the same time of transaction between two unrelated parties where price is sole consideration.
- **Value of supply of goods of like kind and quality:** Supply of goods under similar circumstances in respect of characteristics, quality, quantity, functional components,

materials and reputation of goods.

- **Cost plus basis:** 110% of cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services.
- **Residual method:** Reasonable means consistent with the principles and general provisions of Section 15 of CGST Act and the Valuation rules.

Input Tax Credit to Employers on facilities provided

As per Section 17(5) of CGST Act input tax credit (ITC) shall not be available in respect of the following:

- (a) motor vehicles and other conveyances except when they are used—
 - (i) for making the following taxable supplies, namely:—
 - (A) further supply of such vehicles or conveyances ; or
 - (B) transportation of passengers; or
 - (C) imparting training on driving, flying, navigating such vehicles or conveyances;
- (b) the following supply of goods or services or both:—
 - (i) **food and beverages**, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;
 - (ii) for transportation of goods;
 - (iii) **rent-a-cab, life insurance and health insurance** except where —
 - (A) the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force;
 - (iv) travel benefits extended to employees on vacation such as leave or home travel concession.

Segment III: Checklist for Corporates

Corporate houses will be required to make HR practitioners and GST Teams sit together and analyse the components of employee benefits and may recourse the following steps and procedures:

Step 1 : List all HR activities: Prepare a list of all transactions that affect employees' indirect cost and direct cost due to GST. (For Example – Medical claims can be an indirect cost and travel claim as direct cost).

Step 2: Identify and Develop Vendors Compliance List – Those registered as GST suppliers and/or those who are not. Prepare declaration form for HR suppliers and vendors who are not registered stating their price quoted or invoiced will not be revised due to GST and any increase can be reported and action to be taken under Anti-Profiteering Act.

Step 3: Develop a user friendly Business Expenses Claim Form. Employees should be instructed to provide Company's GSTIN to vendors. Employees should be asked to discuss with Vendors to issue invoice in the name of Company in case of Travel and Hotel services consumed by them for official purpose. Big corporate houses may also come up with concept of travel portal for its employees wherein central booking may be made for all employees and losing input tax credit with unregistered vendors will not be an issue. Company should preferably provide the employees list of registered vendors for hotels and accommodation and rent a cab etc. ES

GST implications on : Works Contract & Construction Sector



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BASICS:

Before we dive into the issues circling the construction industry, it is imperative to understand the basic difference between the possible transaction structures under the new taxation regime. This is because, construction is an industry wherein failure to effectively structure the tax clauses of the contracts may easily lead to the contractor paying more taxes than the margin that they make. The good news for the on-going contracts is that under the light of the GST switch-over, the parties to the contract can revisit their tax clauses and make best use of the legal machinery provided under the revised model GST law.

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The very definition of "GOODS" continues to remain the same even after GST implementation. For the purpose of taxation on supply of "goods" the explanation given in Article 366(29A) persists and goods exclude sale of immovable properties.

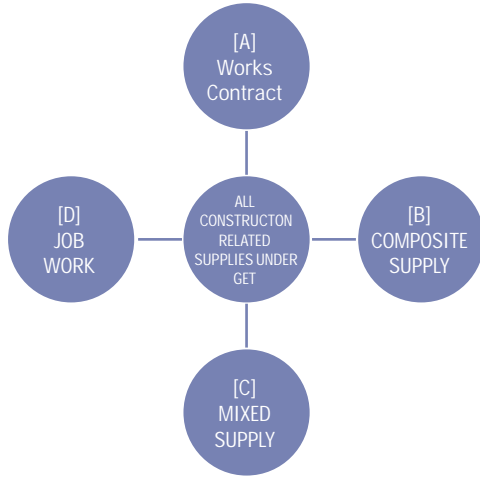
- Under the pre-GST India, works contract included-
 1. Works contracts = Supply of GOODS + SERVICES
 2. Works contract included provision of-
 Immovable Property related construction or other services
 AND
 Movable property and services.
 3. Gannon Dunkerley Judgment: In simple words, the judgement elucidates that a works contract involves transfer of goods, but there cannot be sales as the essential element in executing a works contract is provision of services. As there are no sales, consequently no VAT (Sales Tax in erstwhile parlance) should be levied.
 4. However, the law defines works contract as a deemed sale activity hence only the



sales portion is liable to VAT.

- Now under the GST regime, works contract is as under:
 - Works Contracts = Supply of SERVICES only.
 - Works Contract includes only:
 - Immovable Property related construction or other services

TYPES OF TRANSACTIONS



Transaction Type	Meaning under GST
A. Works Contract	A service contract wherein transfer of goods takes place
B. Composite Supply	Two or more goods /services that CANNOT be separated
C. Mixed Supply	Two or more goods/services that CAN be separated
D. Job Work	Services done on goods owned by another.

Service Category	GST Rates
Construction of Flats etc. WITH LAND	12%*
Construction of Flats etc. WITHOUT LAND	18%
Works Contract	18%
Any other construction related service not covered above	18%

***Full ITC available. Overflow of ITC cannot be refunded.**

A] Works Contract

Section 2(119) defines works contract under GST:

What is WORKS CONTRACT in GST?	What is NOT A WORKS CONTRACT in GST?
<p>Wherein <u>transfer of property in goods is involved</u>, in the execution of such contract and includes contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property.</p> <p>It is not necessary that the goods be transferred in the same form. They may be transferred in some other form and still the contract will be works contract for GST.</p>	<p>Pure Supply of GOODS: A contract that is merely supply of goods. Like supply of material only for construction is pure supply of goods, which attracts provision of supply of goods.</p> <p>Pure supply of labour: A contract that is merely for supply of labour is also not works contract under GST.</p>

B] Composite Supply

Section 2(27) of the CGST Act defines a composite supply: It means a supply comprising of two or more goods/services, which are naturally bundled and supplied with each other in the ordinary course of business, one of which is a principal supply. The items cannot be supplied separately.

- Conditions for composite supply- Any supply of goods or services will be treated as composite supply if it fulfils BOTH the following criteria:
 - Supply of 2 or more goods or services together, AND
 - It is a natural bundle, i.e., goods or services are usually provided together in normal course of business. They cannot be separated.

Example: Where goods are packed, and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply. Insurance, transport cannot be done separately if there are no goods to supply. Thus, the supply of **goods is the principal supply.**

- Tax liability will be the tax on the principal supply i.e., GST rate on the goods.

If the second condition is not fulfilled it becomes a mixed supply.

C] Mixed supply

Mixed supply under GST means two or more individual supplies of goods or services, or any combination, made together with each other by a taxable person for a single price. Each of these items can be supplied separately and is not dependent on any other.

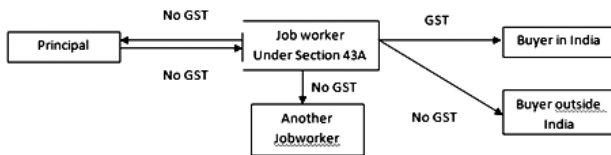
It shall not be a mixed supply if these items are supplied separately.

Rate of tax: For tax under GST, a mixed supply comprising two or more supplies shall be taxed at supply of that item which has the highest rate of tax.

Example: A supply of a food package in an airlines that consists of canned foods, chocolates, bottled water, aerated drink and fruit juices when supplied for a single price is a mixed supply. All can be sold separately. Assuming aerated drink have the highest GST rate, aerated drinks will be treated as principal supply and GST rate of aerated drink will apply on the single price charged.

D] Job Works

- Meaning:** A process undertaken by a person on goods owned by another registered taxable person.
- No GST is levied on Goods supplied by Registered taxable owner (principal) to job worker (Section 43A). Goods may further be sent from one job worker to another. One may note that 43A does not apply to exempted or non-taxable goods or non-registered person.
- ITC of inputs sent to job worker:** ITC is available if the Goods (non capital) are received back in 1 year after completion of job work (3 years in case of Capital Goods sent in Job Work) from the date of being sent out. If the inputs are sent out directly, the days are counted from date of receipt of inputs by job worker.

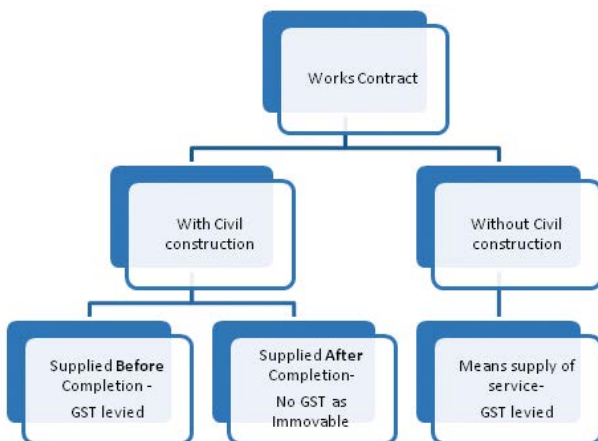


SPECIFICALLY EXEMPTED CONSTRUCTION RELATED SERVICES

- Pure Labour contract services of construction related to:
 - Original Works of a single housing unit other than part of housing complex.
 - Construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation of a civil structure or any other original works pertaining to the beneficiary led individual house construction/ enhancement under housing for all urban mission / pradhan mantri awas yojana.
- Services by government / local authority to a business entity below GST registration limit i.e. 20 lakhs turnover is exempted. It is taxable only if the services relate to renting of immovable property or postal, aircraft or transport services.
- Service by way of renting of a single residential dwelling for residential use only.
- As works contract includes supply of goods and an immovable property is specifically excluded from the definition of goods, we can say that only those properties that are supplied PRIOR to their Completion (Based on completion certificate) will be liable to GST. Clause 5 (b) of Schedule II [transactions to be treated as 'Supply'] states that :

"Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or before its first occupation, whichever is earlier."

Meaning: If the property is fully constructed and then entire consideration has been received, no GST applies. If any consideration is received BEFORE completion certificate of immovable, GST applies on that. A brief chart on this is as follows:



Summary of GST on Works Contract

Input Tax Credit (ITC) Disallowances:

- ITC is not allowed for works contract services for construction of immovable property.
- ITC is not allowed on supplies received for construction of an immovable property on own account.
- ITC is not allowed on supplies received for construction of an immovable property on own account for furtherance of business.
- ITC is not allowed on construction of telecommunication towers, pipeline laid outside the factory, buildings and other civil structures (excluding foundation and structural support on which ITC is allowed.)
- ITC is allowed if it is a works contract for immovable property being plant & machinery
- ITC is allowed where the works contract services supplied is an input service for further supply of works contract service.
- ITC is allowed on supplies received for construction of an immovable property on own account being Plant and machinery.

Abatement & Composition under GST works Contract Neither is available under GST.

Place of Supply in relation to work contract under GST

- Place of Supply helps to decide whether particular supply is inter-state supply or intra-state supply to levy IGST or CGST & SGST/UTGST respectively.
- Place of supply of service in relation to Immovable Property Section 9(4) of IGST Act deals with the place of provision of service in relation to works contract of construction of immovable property which provides:
 - Place of provision of service in relation to immovable property will be the place of provision where the immovable property is situated which includes services of:
 - Architects
 - Interior decorators
 - Surveyors
 - Engineers and
 - Other related experts or estate agents; for carrying out or co-ordination of construction work.
- Where the immovable property is located in more than one State, the supply of service shall be treated as made in each of the States in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf.

Place of supply in relation to other than Immovable Property.

In the case of works contract services provided other than in relation to immovable property section 6(2) provides place of provision of services as follow:

- If service is provided to registered taxable person, place of provision shall be location of service recipient.
- Where services provided to person other than a registered person, place of provision shall be:
 - The location of the recipient where the address on record exists, and
 - The location of the supplier of services in other cases.

Sub contracts

In most building contracts and in other big contracts some part is

assigned to sub- contractors. Whether the theory that there is only single transfer of property from sub-contractor to employer will be equally applicable to the new concept of supply? Part of works contract executed by subcontractor will be supply of service to main contractor under GST.

Free supplies

Perhaps this is the most controversial amendment in the GST law. Section 15 (2) of the Model GST law deals with the calculation of "transaction value" for the purpose of GST levy. Clause (b) of section 15(2) specifically seeks to include any supplies provided directly or indirectly by the recipient of the supply free of charge or at a reduced cost for use in connection with the supply of goods/services.

This means that any free supplies made by the recipient (i.e. the Principal) in the works contract transaction will also form part of the transaction value. Let us understand the implications with an example.

Example

Suppose Mr. X is a principal who awards a pipeline construction contract to Mr. Y. Mr. X has purchased cement inputs to be used in the construction worth Rs. 100 crores. Mr. X supplies this material to Mr. Y free of cost. Mr. Y now constructs the pipeline using those cement inputs and adds his labour charges and margin being Rs. 10 crores before raising a bill of Rs. 110 crores on Mr. X.

As per section 15(2)(b) free supplies of Rs. 100 crores are to be added in the transaction value as rightly done by Mr. Y. However, as the point of taxation in GST is the supply of goods or service, even the Free supply worth Rs. 100 crores made by Mr. X to Mr. Y will be charged to GST.

In our example, it means that Mr. Y has to first pay 28% GST on free supply of Cement i.e. Rs. 28 crores even before the completion of works contract. When Y raises an invoice to Mr. X for Rs. 110 crores it will collect GST at 18% from Mr. X i.e. Rs. 19.80 crores being 18% GST on works contract supplies by Mr. Y to Mr. X.

The practical issue however is, in construction industry, payments are usually made based on percentage completion basis as certified by a Chartered Engineer. This means that Mr. X will NOT pay Rs. 19.80 crores immediately but would pay it in instalments. However, Mr. Y has to immediately Pay Rs. 28 crores on the free supplies thus drastically blocking its working capital.

Most of the time, the tax clause includes words like "inclusive of all taxes" and hence the liability gets passed on the recipient. However, this cannot be true for all contracts covered by GST. This is precisely the reason why the parties to the contract need to come together to revisit the taxation clauses so as to avoid losing their target margins or even blocking their working capital. Schedule I, Item 5 which specifies "Supply of goods and/or services by a taxable person to another taxable or non-taxable person in the course or furtherance of business" as one of the items "treated as Supply without Consideration" one may also take a view that such Free Supply by the Contractee may also be treated as Supply and be taxable in the hands of the Contractee.

GST on Long Term Construction or Works Contract (Section 186)

If the contract (agreement registration date) is entered into prior

to 1st July 2017 and if the supplies are made after 1st July 2017 then GST applies on such supplies of goods or services. However, if the supplies are also made prior to 1st July 2017 then the taxes would be payable as per the old law. In any case, if the contract is entered into after 1st July 2017, then GST will apply on such contracts.

GST on Periodic supply of goods or services (Section 187)

If the consideration has been received in part or full and taxes have been paid prior to 1st July 2017 but the actual supplies of goods or services are made after 1st July 2017 then no GST applies on that consideration.

However, if the supplies are made prior to 1st July 2017 even then GST will not apply on that.

Duties and taxes on inputs or input services during transit (Section 171)

This provision applies to CENVAT credit as well as VAT/Entry Tax Credit.

The provision applies to a scenario where Inputs/input services received after 01.07.2017 whereas the applicable duty/tax thereon has been paid before 01.07.2017. Availment of credit is subject to condition that the credit is eligible on such inputs and input services if invoice/duty payment document was recorded in books of accounts within a period of thirty days from 01.07.2017.

No tax is payable under GST when

- The goods are exempted under earlier law (Central Excise, VAT)

- Goods cleared prior to six months from appointed day (goods cleared from 01.01.2017 onwards)


- Goods are returned to Place of business within six months from appointed day (goods are returned on or before 31.12.2017)

It could be possible that existing contracts are exempted which may be brought under tax net in GST regime. In order to avail the exemption benefit extended during pre-GST regime, proper documentary records must mention clearly the stage of completion of contract. Certificate from chartered engineer as to stage of completion could also be obtained especially in case of large contracts.

Avail of credit on inputs is restricted under existing provisions which is not likely to be in GST regime. All materials supplied in GST period would be available as credit. Hence, inventory of all stocks lying as on the date of GST roll out along with supporting tax paid documents must be maintained so that credit of same may be claimed once GST is introduced (subject to provision under GST law).

All purchases should be made from registered dealers clearly showing duty of excise and VAT so that the credit of same could be claimed under GST regime to the extent material to be incorporated in works contract post GST.

It is indeed a welcome step, that the GST council increased the availability of input credit limit without excise duty paying documents for stock held on the date of introduction from 40% to 60%, in case of goods attracting 18% or more GST. With this move, dealers need not return their pre-GST stock as their concern over loss of credit mostly stands addressed.

Also, allowing 100% credit in case of high value items (above Rs 25,000) based on online generation of transport challan, even without actual excise duty paying document could be a major relief to sectors such as consumer electronics, durables and automobiles. 

2

RESEARCH CORNER



- ICSI -CCGRT INVITES RESEARCH PAPERS ON (NCLT) ORDERS
- ICSI – CCGRT ANNOUNCES UNIQUE CRITICAL RESEARCH ANALYSIS OF INDIAN COMPANIES ACT, 2013



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Invites Research Papers

On

National Company Law Tribunal (NCLT)

Orders- Emergence of Law



Prologue

ICSI-CCGRT invites research papers on a unique and contemporary topic- National Company Law Tribunal (NCLT) orders.

The National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) have been constituted by Central Government with effect from 1 June, 2016. This would effectively dissolve the Company Law Board (CLB) as constituted under the Companies Act, 1956 from the same day. The NCLT started functioning with eleven Benches – two at New Delhi and one each at Ahmedabad, Allahabad, Bengaluru, Chandigarh, Chennai, Guwahati, Hyderabad,

Kolkata and Mumbai. The Principal Bench of the NCLT is at New Delhi.

Majority provisions of the Companies Act, 2013 (mainly pertaining to powers of the CLB) relating to powers of Tribunal have been notified by the Government (which were not effective due to non constitution of NCLT) including the provisions pertaining to compromise and arrangement, winding up etc. Further, the Insolvency and Bankruptcy code 2016 also recognized NCLT as Adjudicating Authority for corporate insolvency resolution process, liquidation and winding up.

The orders of NCLT were emerging as a new source of law

with thought provoking interpretations and logical reasons. The professionals including Company Secretaries in particular are playing crucial role in appearance before NCLT.

There is a need to analyze NCLT orders for bringing certainty in the law and adding value to the stake holders. Through this competition the same was envisaged for contributing to the society and helping the professionals for their capacity building.

Areas to be focused in the research papers:

All the areas for which NCLT is empowered to issue the orders including in particular The Companies Act 2013 and Insolvency and Bankruptcy Code 2016 (IBC) . Specific subjects are as under:

1. Oppression and Mismanagement
2. Mergers and Amalgamations
3. Appointment/Removal of Directors/Managerial persons and KMP
4. Appointment/Removal of Auditors
5. Appointment/Removal of Insolvency Professionals
6. Admission/Rejection of operational and financial creditors applications under IBC
7. Companies Act 2013 other section orders

Structure of the Research Paper

Researchers/Professionals need to focus on the orders of NCLT with their analysis present the paper in the following suggested structure:

- * Facts of the recent NCLT Orders with the details of the Bench that delivered the orders
- * Facts of the case Dictum
- * Relevant Provisions of the Law - Rules & Sections, Decisions.
- * Commentary / Critical Analysis (along with various Landmark judgments pronounced by courts or CLB or NCLT).
- * Critical Views & Analysis of any fact that have been omitted in the Dictum
- * Point of law.

However, researcher may have a freedom to add or delete any paragraphs with suitable headings.

Research Paper / Manuscript Guidelines

- Original papers are invited from Company Secretaries in employment & practice, Academicians, Research Scholars and other Professionals.
- The manuscripts will be subjected to a blind review process
- The paper must be accompanied with the author's name(s), affiliations(s), full postal address, email ID, and telephone/ fax number along with the title of the paper on the front page.
- Full text of the paper should be submitted in MS Word using Times New Roman, font size 12 on A4 size paper in 1.5 spacing, with a maximum of 5000 words.
- The text should be typed double-spaced only on one side

of A4 size paper in MS Word, Times New Roman, 12 font size with one-inch margins all around.

- The author/s' name should not appear anywhere else on the body of the manuscript to facilitate the blind review process. The research paper should be in clear, coherent and concise English.

The research paper should contain the write-up on the selected Chapter, Sections / Rules and Commentaries. The following points to be considered:

- Tables should be numbered consecutively in Arabic numerals and should be referred to in the text as Table 1, Table 2 etc.
- All notes must be serially numbered. These should be given at the bottom of the page as footnotes.
- The following should also accompany the manuscripts on separate sheets: (i) An abstract of approximately 150 words with a maximum of five key words, and (ii) A brief biographical sketch (60-80 words) of the author/s describing current designation and affiliation, specialization, number of books and articles in refereed journals, membership number of ICSI and other membership on editorial boards and companies, etc.
- The research papers should reach the Competition Committee on or before 30th Aug 2017 by 12 noon (IST).
- Participants should email their research papers on the following email id: ccgrt@icsi.edu
- Authors need to give a disclaimer at the end of their research papers that is "Views expressed in the research paper is personal and there is no intention to criticize personally any Honorable Member of NCLT".

Further Information for Authors / Participants

- The decision of the Reviewing Committee will be final and binding on the participants.
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- ICSI may pay honorarium as per the guidelines for selected papers on publication in the Chartered Secretary Journal.
- The papers will be scrutinized by an Expert Committee and only high quality papers will be published in the journal
- For any query / assistance, kindly contact at: ccgrt@icsi.edu / +91-22-41021515/1501

CS (Dr.) Shyam Agrawal
President, ICSI

CS Ahalada Rao V
Chairman, ICSI
Research Committee

CS Ashish Garg
Chairman, ICSI CCGRT
Management Committee



**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

CENTRE FOR
CORPORATE
GOVERNANCE,
RESEARCH
& TRAINING
(CCGRT)

ICSI – CCGRT ANNOUNCES Unique Critical Research Analysis of Indian Companies Act, 2013



ICSI-CCGRT is pleased to announce unique Critical Research Analysis of Companies Act, 2013 with an objective of creating knowledge reserve among its Members, both in employment and practice, students pursuing Company Secretary and other professional courses, academicians, corporate professionals and other interested folk in order to make them as epitome of knowledge and useful to corporate world.

The purpose of competition is to identify significant concepts and try to find out a comprehensive and definitive solutions. Since research in all disciplines and subjects, must begin with a clearly defined goal, this study is also designed keeping those objectives in mind.

Prologue

Indian Company Law is a procedural law, emerging out with

various critical issues in its implementation and operation. Since 01-04-2014, being the notification date for various sections, industry professionals, corporates are facing various critical issues which are of utmost importance in the field of law as well as in the execution. Further, the new Companies Act have provided robust base to Corporate Governance. As it can be observed from the corporate history, that there have been lot of financial fiascos which have taken place, and in turn have created the need for effective corporate governance. The new Companies Act has espoused the tenets of corporate governance, thereby, played a pivotal role in protecting the interest of stakeholders. Embracing the concepts like, Independent Director, Woman Director, Secretarial Audit, Internal Audit, CSR, Class Action Suit, Related Party Transaction etc. all goes a long way in ensuring the best governance practices on the part of the management of corporate houses.

In light of this, it generates substantial interest to delve deep into the critical angles of Indian Companies Act, 2013. These critical research analyses help the members and others for identifying the gaps and also providing the solutions to the industry and regulators etc.

Objectives:

- a) To comprehend the implications of critical aspects covered under Companies Act, 2013.
- b) To analyze the different school of thoughts on the critical issues.
- c) To find out probable solution based on National / International Practices, Principles, procedures and Judicial Pronouncements.
- d) To understand the probable hurdles that are being witnessed by corporate houses in embracing the sections covered under Companies Act, 2013.
- e) To draw a comparison with relevant international corporate laws while studying the critical aspects covered under the Chapters XI to XXIX.

Please submit your views through the below given links either all questions or any no. of questions or alternative by emails at ccgrrt@icsi.edu & research.icsi@gmail.com

Coverage-

❖ CHAPTER XIII- APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

1. If a person is not fulfilling the conditions of Section 196(3) of the Companies Act, 2013, whether a Company can appoint him as Managing Director/ Whole-Time Director/Manager with the approval of Central Government? Please provide your answer with detailed commentary along with the relevant case laws.
2. If a Company which was not covered under Section 269 of the Companies Act, 1956 has appointed a person as Managing Director/Manager/Whole-Time Director for lifetime, whether he/she can continue his/her employment as such or the company needs to reappoint him/her for 5 years pursuant to Section 196 of the Companies Act, 2013? Please provide your answer with detailed commentary along with the relevant case laws.
3. Whether a person can be appointed as Managing Director/Manager/Whole-Time Director in more than one Company(s) which are not covered under Section 203? Please provide your answer with detailed commentary along with the relevant case laws.
4. If a Private Company appoints a person on its Board as executive Director than whether that Company need to comply with the provisions of Section 196? Please provide your answer with detailed commentary along with the relevant case laws.
5. If a person is disqualified under Part I of Schedule V but comply with the provisions of the Section 196, then whether a Govt and Private company can appoint that person as Managing Director/ Whole-Time Director/Manager pursuant to Section 196? Please provide your answer with detailed commentary along with the relevant case laws.
6. ABC Private Limited is a private limited company incorporated under the Companies Act, 1956. XYZ Corporation is the holding Company of ABC Private Limited, incorporated in Japan and having its registered office in Japan. XYZ has deputed its whole-time employee Mr. O as the branch head in the Japan Branch office of ABC. Japan branch office (JBO) is paying XYZ for the services of Mr. O and no payment is being made to Mr. O by JBO directly. Mr. O being the Japan branch head, is involved in the day to day working of JBO. In addition, Mr. O is also assigned as a division head in one of the divisions of XYZ. Now Mr. O is proposed to be appointed as the Director of ABC Private Limited. Whether his appointed as director in ABC Private Limited is treated as Whole-Time Director or not? Please provide your answer with detailed commentary along with the relevant case laws.
7. Whether a Company can give sitting fee to Key Managerial Personnel? Please provide your answer with detailed commentary along with the relevant case laws.
8. Whether a Company Secretary can hold the position of Whole-Time Director/Manager/ Managing Director in the same Company? Please provide your answer with detailed commentary along with the relevant case laws.
9. Whether a person can be appointed as Whole-Time Director in more than one Company? Please

provide your answer with detailed commentary along with the relevant case laws.

10. Whether all Managing Director/Whole-Time Director/Manager/Chief Executive Officer/ Company Secretary/Chief Financial Officer are de-facto Key Managerial Personnel (KMPs) or Person(s) appointed under 203 are only KMPs?
11. Whether a Company can appoint a person as Managing Director/Whole-Time Director/Manager for 5 years who has attained the age of 68 years without special resolution? Please provide your answer with detailed commentary along with the relevant case laws.
12. Mr. X a foreign resident is in full time employment of XYZ Limited, now he is appointed as Additional Director of the XYZ Limited. Whether the XYZ Limited is required to obtain Central Government approval for his appointment as Additional Director? Please provide your answer with detailed commentary along with the relevant case laws.
13. Whether a Company can pay more than 5% or 10% of Net Profit subject to the overall limit of 11% to its Whole-Time Director/Managing Director/Manager as the case may be, without the Central Government Approval? Please provide your answer with detailed commentary along with the relevant case laws.
14. Whether a Company can pay more than 1% or 3% of Net Profit to its Non-Executive Director (Including Independent Director) as the case may be, without Central Government Approval? Please provide your answer with detailed commentary along with the relevant case laws.
15. Whether a Company can pay all the 11% of Net Profit to one Director/Managing Director/Whole-Time Director/Manager without the Central Government Approval? Please provide your answer with detailed commentary along with the relevant case laws.
16. Whether a Company can give monthly fix remuneration to non-Executive Non-Independent Director? Please provide your answer with detailed commentary along with the relevant case laws.
17. Whether a Public Company can give remuneration to Non-Executive Director in case of Loss or Inadequate Profit as per Schedule-V? Please provide your answer with detailed commentary along with the relevant case laws.
18. Mr. A is holding the position of Managing Director of ABC Limited and XYZ Limited and withdrawing salary of Rs. 1 Crore from ABC Limited and Rs. 1.5 Crore from XYZ Limited. Profit for the Year for ABC Limited is Rs. 20 Crore and for XYZ Limited is Rs. 30 Crore. Whether the remuneration received by Mr. A is within the limit as per Companies Act? If not how much remuneration he can take from both the Companies? Please provide your answer with detailed commentary along with the relevant case laws.
19. Whether remuneration to a managing director can be given without passing shareholder's resolution by a company? Please provide your answer with detailed commentary along with the relevant case laws.
20. If a Managing Director was appointed by entering into an agreement with the Company and after expiry of such agreement whether board resolution is required for his vacation of filing with the Registrar of Companies? Please provide your answer with detailed commentary along with the relevant case laws.
21. If a person has dual citizenship, whether his appointment in a Public Limited Company in India require Central Government Approval or Not? Please provide your answer with detailed commentary along with the relevant case laws.

Google Link:

https://docs.google.com/forms/d/e/1FAIpQLSfHmQwuh9M8kvKmlbRw7LCccP_N6Su1UGuZreMo2AnmjbqmLA/viewform?c=0&w=1

❖ **Chapter XVIII-REMOVAL OF NAMES OF COMPANIES FROM THE REGISTER OF COMPANIES**

1. What will be the treatment of property in case of strike off of Company by order of ROC u/s 248(1)?
2. Whether director will be disqualify under section 164(2) read with section 167 even after strike off of Company?
 - Strike off by order of the Court
 - *Suo motu* strike off
3. After strike off whether ROC can issue show cause notice for non filing of annual forms?
4. Whether after strike off of companies, creditors can apply for IBC?
5. Whether Bank Account can be maintain after strike off of Companies?
6. Whether a third party can apply for restoration of Company after strike off?
7. What is the impact of limitation act on Restoration of strike off application?

8. What are the provisions of re allocation of name of a strike off company to a new Company?

Google Link:

https://docs.google.com/forms/d/e/1FAIpQLSeJNUaFDB-hy9VliEeUysBNfmhggrl8U8EyuP34N2r_SkwnA/viewform?c=0&w=1

How to present the Significant Aspects

Answers of the critical issues needs to be presented in the format appended below-

- ⇒ S. No.
- ⇒ Issue (heads)
- ⇒ Details of issue with justification
- ⇒ Different School of Thoughts
- ⇒ Interpretation issues
- ⇒ Relevant Sections of Indian Companies Act, 2013 as well as Indian Companies Act, 1956.
- ⇒ Relevant provisions of any other Indian Corporate Laws and international Corporate Laws.

Research Paper / Manuscript Guidelines

- * Original papers are invited from Company Secretaries in employment & practice, Chartered Accountants, Advocates, Academicians, merchant bankers, doyens from industry and interested folk.
- * The paper must be accompanied with the author's name(s), affiliations(s), full postal address, email ID, and telephone/fax number along with the title of the paper on the front page and membership details of professional bodies, if any.
- * Full text of the paper should be submitted in MS Word using Times New Roman, font size 12 on A4 size paper in 1.5 spacing, with a maximum of 5000 words.
- * The text should be typed in MS-Word.
- * The author/s' name should not appear anywhere else on the body of the manuscript to facilitate the blind review process. The research paper should be in clear, coherent and concise English.
- * Tables / Exhibits should be numbered consecutively in Arabic numerals and should be referred to in the text as Table 1, Table 2 / Exhibit 1, Exhibit 2 etc.
- * All notes must be serially numbered. These should be given at the bottom of the page as footnotes.
- * The following should also accompany the manuscripts on separate sheets: (i) A brief biographical sketch

(60-80 words) of the author/s describing current designation and affiliation, specialization, number of books and articles in refereed journals, membership number of ICSI, if any, and other membership on editorial boards and companies, etc.

- * The research papers should reach the Competition Committee on or before 30th of July 2017 by 12 noon (IST).
- * Participants should email their research papers on the following email id: ccgrt@icsi.edu & research.icsi@gmail.com
- * The paper may be presented either in single section of any chapter or multiple sections after chapters.
- * There is no restriction on number of entries. One participant can submit more than one entries.

Further Information for Authors / Participants

- * The decision of the Reviewing Committee will be final and binding on the participants.
- * The Institute of Company Secretaries of India reserves the right to publish or refer the selected papers for various publications viz; Souvenirs, Books, Study materials published by the institute or in any seminar / conference / workshop / Research Programs conducted by institute either on its own or jointly with other organizations and also in regular course of activities of ICSI.
- * The papers will be scrutinized by an Expert Committee.
- * For any query / assistance, kindly contact at: ccgrt@icsi.edu
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- * ICSI reserve all the rights for finalization and selection of papers and awarding rewards, credit hours.

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President, ICSI

CS Ahalada Rao V
Chairman, ICSI
Research Committee

CS Ashish Garg
Chairman, ICSI CCGRT
Management Committee

ICSI Invites Members To Share their Vision to Shape New ICSI – 2022

The year 2017, a landmark year, when ICSI is going to celebrate its Golden Jubilee, is also a year, when along with celebrating the 50 glorious years of our profession, we also need to make a profound introspection..... an introspection of the journey travelled so far, so that we can pave the way for the journey to come forward. The challenge before the profession is to meet the expectations of all stakeholders; be it our students, members, trade and industry, regulator including society at large.

As while unveiling his vision 2022 'New India', Hon'ble Prime Minister Sh. Narendra Modi expressed "I have a milestone of 2022 when India completes 75 years of Independence. We all should take a pledge, of something good, that, we want to contribute to the country and promise to fulfill that pledge by the year 2022. If we are successful, no one can stop India from becoming a world power." Adopting the "New India" vision in the ICSI way, we have also thought of drawing a 'Vision 2022' for ICSI so that our fraternity can proudly be a part of "New India, New ICSI" dream by the year 2022.

The implementation of this Vision 2022 will certainly ensure whole New ICSI, therefore, ICSI is working in line with 'Reform, Transform and Perform' Mantra of the policy makers of India. While doing this, we invite your active participation to 'Reform' ICSI through vision 2022; so that ICSI can 'Transform' its pedagogy for those who have to 'Perform' extraordinarily make ICSI a Global Leader in Corporate Governance, thereby paving the way for National Governance by the year 2022.

Having a glance at the numbers, under present distance learning mode, only 4,000-5,000 new members are churned out of a huge student pool of around 4,00,000 students in ICSI. Other related issues being training and examinations. This has been opined that this system has a shadow on the quality and has created a demand-supply imbalance in the years gone by.

The alternative to that is a regular CS course through which students are grinded in the boundaries of a class room environment to surmount the limitations of distance learning mode and by inducting quality strata of students at a very initial stage itself. Therefore, we are inviting your valuable opinion to chalk out the roadmap for future. The aim is to build a force of World Class Governance Professionals of course. Kindly express your valuable views on:

Which roadmap out of the following ICSI should adopt in future for the Company Secretaryship course for its students so as to Groom World Class Governance Professionals out of the alternatives given below?

1. Should status quo be maintained and the present system of Distance Learning should continue in its current form. If yes, why, if not, why not?
Or
2. Should a new system of regular learning via say a 'Three Year Full-time Classroom Course' of Company Secretaryship' be introduced and the present 'Distance Learning mode' be discontinued (taking a limited number of meritorious students based on an entrance test to strike a demand-supply balance). If yes, why, if not, why not?
Or
3. Should the Institute should go for a 'Dual Mode' of introducing say a Three-Year Full-time Regular Course of Company Secretaryship along with the present Distance Learning mode. If yes, why, if not, why not?
Or
4. Any other mode of conducting the course which can bring out 'World Class Governance Professionals'. Please give your views in detail.

Please submit your response at - <https://goo.gl/forms/AsSS22REgXUcINe32>

The link is also available on the ICSI website: www.icsi.edu

3

LEGAL WORLD



- WHEN AN EX-EMPLOYEE REFUSES TO VACATE THE PREMISES, HIS FAMILY MEMBERS CANNOT BE PROSECUTED UNDER SECTION 630 OF THE ACT AS LONG AS THE EMPLOYEE IS ALIVE. [SC]
- ADMINISTRATIVE CIRCULAR ISSUED BY SEBI IS NOT AN APPEALABLE ORDER UNDER SECTION 15T. [SC]
- CCI PENALISES HYUNDI MOTORS FOR RESALE PRICE MAINTENANCE THROUGH DISCOUNT CONTROL MECHANISM AND ISSUES CEASE AND DESIST ORDER.
- MERE INVESTMENTS CANNOT BE REGARDED AS LEVERAGE OF DOMINANT POSITION, PARTICULARLY WHEN OP-1 ITSELF IS NOT ENGAGED IN BUSINESS OF PROVIDING TELECOM SERVICES OR ANY ACTIVITIES INCIDENTAL THERETO. [CCI]
- THE COURT WAS CLEARLY VESTED WITH THE POWER TO GRANT INTERIM MEASURES PRIOR TO THE AWARD BECOMING A DEEMED DECREE UNDER SECTION 36 OF THE ACT. [DEL]
- DELHI HIGH COURT REFUSES TO ISSUE INJUNCTION AGAINST ENCASHING BANK GUARANTEES.
- WHEN THE PARTNERS AND THOSE WHO CLAIM THROUGH PARTNERS AGREED TO GET THE DISPUTE SETTLED BY ARBITRATION, IT IS NOT OPEN FOR THE APPELLANTS TO CONTEND THAT PARTNERSHIP BEING UNREGISTERED PARTNERSHIP, THE DISPUTE CANNOT BE REFERRED. [SC]
- USE OF FACILITY DOES NOT AMOUNT TO TECHNICAL SERVICES, AS TECHNICAL SERVICES DENOTE SERVICES CATERING TO THE SPECIAL NEEDS OF THE PERSON USING THEM AND NOT A FACILITY PROVIDED TO ALL. [SC]



Corporate Laws

LMJ 21:07:2017

J.K. (BOMBAY) LTD v. BHARU MATHA MISHRA & ORS [SC]

Criminal Appeal No. 87 of 2001

K.T. Thomas & R.P. Sethi, JJ. [Decided on 18/01/2001]

Equivalent Citations: 2001 (1) SCR 439; AIR 2001 SC 649; (2001) 104 Comp Cas 424;(2001) 2 JT 36.

Companies Act, 1956- section 630- criminal proceedings against directors/ employees- refusal to vacate quarters- whether family members of the defaulting officer, who is alive, could be prosecuted- Held, No.

Brief facts:

Whether the family members of an employee or an ex-employee of a company can be proceeded with in a criminal court, convicted and sentenced for the commission of offence under Section 630 of the Companies Act? (“the Act”) is the question of law to be determined by us in this appeal.

Relying upon the judgment of this Court in *Abhilash Vinod Kumar Jain (Smt.) v. Cox & Kings (India) Ltd. & Ors.*, [1995] 3 SCC 732, it has been argued on behalf of the company that the expression “officer or employee” appearing in Section 630 of the Act would include all his family members.

One Mata Harsh Mishra, who is the husband of respondent No. 1 and father of respondent No. 2, joined the employment of the appellant-company as Trainee Supervisor in its plant, He was allotted Flat No. 8 in Anil Co-operative Housing Society Ltd. After resigning from the job, he refused to vacate the flat on the pretext that as he had not been paid his dues, he had a right to remain in occupation. Company filed a complaint under Section 630 of the Act against Mishra, its ex-employee and the respondents 1 and 2 herein. The recall application of respondents herein was rejected by the Trial Court. High court allowed the writ petition and quashed the process against the respondents herein. Company challenged the above order before the Supreme Court.

Decision: Appeal dismissed.

Reason:

The divergence of opinion between various High Courts regarding interpretation of the expression “an officer or employee of a company” appearing in Sub-section (1) of Section 630 of the Act was resolved by this Court in *Baldev Krishna Sahi v. Shipping Corporation of India*, [1987] 4 SCC 361 holding that the expression “officer or

employee of a company” applies not only to existing officer or employee but also includes past officers or employees where such officer or employee; either (a) wrongfully obtains possession of any property, or (b) wrongfully withholds the same after the termination of his employment.

Section 630 of the Act which makes the wrongful withholding of any property of a company by an officer or employee of the company a penal offence, is typical of the economy of language which is characteristic of the draughtsman of the Act, The Section is in two parts. Sub-s. (1) by clauses (a) and (b) creates two distinct and separate offences. First of these is the one contemplated by clause (a), namely, where an officer or employee of a company wrongfully obtains possession of any property of the company during the course of his employment, to which he is not entitled. Normally, it is only the present officers and employees who can secure possession of any property of a company. It is also possible for such an officer or employee after termination of his employment to wrongfully take away possession of any such property. This is the function of clause (a) and although it primarily refers to the existing officers and employees, it may also take in past officers and employees. In contrast, clause (b) contemplates a case where an officer or employee of a company having any property of a company in his possession wrongfully withholds it or knowingly applies it to purposes other than those expressed or directed in the articles and authorised by the Act It may well be that an officer or employee may have lawfully obtained possession of any such property during the course of his employment but wrongfully withholds it after the termination of his employment. That appears to be one of the functions of clause (b). It would be noticed that clause (b) also makes it an offence in any officer or employee of a company having any property of the company in his possession knowingly applies it to purposes other than those expressed or directed in the articles and authorised by the Act. That would primarily apply to the present officers and employees and may also include past officers and employees. There is therefore no warrant to give a restrictive meaning to the term ‘officer or employee’ appearing in Sub-section (1) of Section 630 of the Act. It is quite evident that clauses (a) and (b) are separated by the word ‘or’ and therefore are clearly disjunctive.”

Again, this Court in *Amritlal Chum v. Devoprasad Dutta Roy*, [1988] 2 SCC 269; *Atul Mathur v. Atul Kalra*, [1989] 4 SCC 514 and *Gokak Patel Vokart Ltd. v. Dundayya Gurushiddaish Hiremath*, [1991] 2 SCC 141, interpreted the position of law and approved the dictum of this Court in *Baldev Krishna Sahi’s* case.

In *Abhilash Vinod Kumar Jain’s* case (supra) this Court was concerned with the prosecution of the legal representatives of the deceased employee and in that context, it held;

“Thus, our answer to the question posed in the earlier part of this judgment is in the affirmative and we hold that a petition under S.630 of the Act is maintainable against the legal heirs of the deceased officer/employee for retrieval of the Company’s property wrongfully withheld by them after the demise of the employee concerned.”

Stretching further the verdict of the Court in *Abhilash Vinod Kumar Jain’s* case, the learned counsel appearing for the appellant has submitted that as legal heirs of the erstwhile employee can be prosecuted, the other family members of such employee, living with him cannot escape their liability of prosecution. The argument, though attractive on the face of it, is devoid of any force when examined in depth in the light of the constitutional mandate and the

legal provisions applicable in the case. The penal law cannot be interpreted in a manner to cover within its ambit such persons who are left out by the legislature. The position of the legal heirs of the deceased employee cannot be equated with the family members of an erstwhile employee against whom, admittedly, the criminal prosecution is launched and pending. In criminal cases the law which entails conviction and sentence, liberal construction, with the aid of assumption, presumption and implications cannot be resorted to for the purpose of roping in the criminal prosecution, such persons who are otherwise not intended to be prosecuted or dealt with by criminal court. Accepting the contention of the appellant would amount to the violation of fundamental right of personal liberty as enshrined under Article 21 of the Constitution which declares that no person shall be deprived of his life or personal liberty except according to the procedure established by law. The paramount object of Article 21 is to prevent the encroachment of the right of a person with respect to his life and liberty, save in accordance with the procedure established by law and in conformity with the provisions thereof. Personal liberty envisaged under this Article means freedom from physical restraint of a person by incarceration or otherwise. Agreeing with the plea of the appellant would also be against the public policy, inasmuch as under similar circumstances the companies would be authorised to resort to harassment tactics by having recourse of arraigning minors and old members of the family of its officer or employee in office or even past.

We are of the firm opinion that all the family members of an alive 'officer' or 'employee' of a company cannot be proceeded with and prosecuted under Section 630 of the Act. The order impugned does not suffer from any illegality, requiring our interference.

LW 48:07:2017

NATIONAL SECURITIES DEPOSITORY LTD v. SECURITIES AND EXCHANGE BOARD OF INDIA [(2017) 5 SCC 517]

Civil Appeal No. 5173 of 2006 with Civil Appeal No. 186 of 2007.

Pinaki Chandra Ghose & R.F.Nariman, JJ. [Decided on 07/03/2017]

SEBI Act, 1992- sections 11 and 15T- appealable orders- whether administrative circular issued by SEBI is appealable before the SAT- Held, No.

Brief facts:

The present appeal raises an interesting question as to whether an administrative circular that is issued by SEBI under Section 11(1) of the Securities Exchange Board of India Act, 1992, can be the subject matter of appeal under Section 15T of the said Act.

By an administrative circular dated 9th November, 2005, SEBI under the caption "review of dematerialization charges" issued an administrative circular under Section 11(1) of the SEBI Act to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Depositories were advised by the said circular to amend all relevant bye-laws, rules and regulations in order to see that with effect from 9th January, 2006, no charges shall be levied by a depository on DPs and consequently by a DP on a beneficiary owner when a beneficiary owner transfers all securities lying in his account to another branch of the same DP or to another DP of the same depository or another depository, provided the BO account at transferee DP and that transferor DP are identical in all respects.

A preliminary objection was raised in the appeal filed by the respondent before the Securities Appellate Tribunal. It was urged that under the SEBI Act, SEBI has administrative, legislative and quasi-judicial functions. Appeals preferred to the Securities Appellate Tribunal can only be from quasi-judicial orders and not administrative and legislative orders.

This preliminary objection was turned down by the impugned judgment dated 29th September, 2006, by the Securities Appellate Tribunal. According to the Tribunal, the expression "order" is extremely wide, and there being nothing in the Act to restrict an appeal only against quasi-judicial orders, appeals would lie against all three types of orders under the Act i.e. administrative orders, legislative orders as well as quasi-judicial orders. This was held purportedly following the decision in Clariant International Ltd. & Anr. v. Securities & Exchange Board of India [(2004) 8 SCC 524]. The Tribunal, therefore, rejected the preliminary objection and went into the merits of the arguments against the impugned circular, and dismissed the same.

Cross appeals have been filed before us. Civil Appeal No.5173 of 2006 has been filed by the National Securities Depositories Ltd, on the merits of the dismissal, whereas Civil Appeal No.186 of 2007 has been filed by the SEBI against the rejection of the preliminary objection raised before the Securities Appellate Tribunal.

Decision: Appeal of SEBI allowed. Appeal of NSDL dismissed.

Reason:

We will take up the second appeal first inasmuch as if the preliminary objection were to succeed, it is clear that the merits would not have to be gone into.

We have now to determine on a conspectus of the authorities as to whether Section 15T refers only to quasi-judicial orders, quite apart from the construction placed upon the Section earlier in this judgment. SEBI is an expert body created by the Act which, as has been stated earlier, has administrative, legislative and quasi-judicial functions.

It may be stated that both Rules made under Section 29 as well as Regulations made under Section 30 have to be placed before Parliament under Section 31 of the Act. It is clear on a conspectus of the authorities that it is orders referable to Sections 11(4), 11(b), 11(d), 12(3) and 15-I of the Act, being quasi-judicial orders, and quasi-judicial orders made under the Rules and Regulations that are the subject matter of appeal under Section 15T. Administrative orders such as circulars issued under the present case referable to Section 11(1) of the Act are obviously outside the appellate jurisdiction of the Tribunal for the reasons given by us above.

Civil Appeal No.186 of 2007 is, therefore, allowed and the preliminary objection taken before the Securities Appellate Tribunal is sustained. The judgment of the Securities Appellate Tribunal is, accordingly, set aside.

In this view of the matter, Civil Appeal No.5173 of 2006 being a challenge to the merits of the impugned circular, has necessarily to be dismissed. We make it clear that liberty is granted to take appropriate steps in judicial review proceedings to challenge the aforesaid circular in accordance with law. Civil Appeal No.5173 of 2006 is disposed of accordingly.



Competition Law

LW 49:07:2017

FX ENTERPRISE SOLUTIONS INDIA PVT. LTD v. HYUNDAI MOTOR INDIA LTD [CC]

Case Nos. 36 & 82 of 2014

D.K.Sikri, S. L. Bunker, Sudhir Mital, Augustine Peter, U. C. Nahta, Justice G. P. Mittal [Decided 14/06/2017]

Competition Act, 2002- section 3- anti competition agreements- Resale price maintenance through discount control mechanism- cease and desist order passed- penalty also imposed on HMIL.

Brief facts:

The Informants alleged the following violations against HMIL.

The OP enters into exclusive dealership arrangements with its dealers, and dealers are required to obtain prior consent of the OP before taking up dealerships of another brand. It is further alleged that HMIL's dealers are bound to procure spare parts, accessories and all other requirements, either directly from OP or through vendors approved by the OP. It is further alleged that the OP also imposes a "Discount Control Mechanism" through which dealers are only permitted to provide a maximum permissible discount and the dealers are not authorised to give discount which is above the recommended range. This is alleged to amount to "resale price maintenance" in contravention of Section 3(4) (e) of the Act. It is also alleged that HMIL is responsible for price collusion amongst competitors through a series of "hub - and - spoke" arrangements.

Informant-1 has alleged that HMIL perpetuates hub and spokes arrangement, wherein bilateral vertical agreements between supplier and dealers and horizontal agreements between dealers through the role played by a common supplier, results in price collusion. Finally, it is alleged that HMIL has control over the sources of supply for the dealer's products and ties the purchase of desired cars to the sale of high-priced and unwanted cars to its dealers and HMIL designates sources of supply for complementary goods for dealers as well as, which result in a "tie-in" arrangement in violation of Section 3(4) (a) of the Act.

Decision: Cease and desist order passed. Penalty imposed.

Reason:

The Commission is of the considered view that HMIL has contravened the provisions of Section 3(4) (e) read with Section 3(1) of the Act through arrangements which resulted into Resale Price Maintenance. Such arrangements also included monitoring of the maximum permissible discount levels through a Discount Control Mechanism.

Further, HMIL has contravened the provisions of Section 3(4) (a) read with Section 3(1) of the Act in mandating its dealers to use recommended lubricants/ oils and penalising them for use of non-recommended lubricants and oils.

Accordingly, HMIL is directed to cease and desist from indulging in conduct that has been found to be in contravention of the provisions of the Act, as noted above.

So far as imposition of monetary penalty is concerned, the Commission notes the submissions made on behalf of HMIL on the issue of quantum of penalty. It was argued that penalty should be proportionate to the contravention established. It was pointed out that the automobile sector currently witnesses robust competition and does not warrant intervention. No supra-normal profits have been made by HMIL during this period. It was also canvassed that the principle of relevant turnover while penalising is to be considered. Lastly, it was highlighted that HMIL already has put in place a competition law compliance program and HMIL is a first time offender with no previous valid orders against it.

Coming to the facts of the present case, the Commission notes that the infringing anti-competitive conduct of HMIL in the instant case included putting in place arrangements, which resulted into Resale Price Maintenance by way of monitoring of maximum permissible discount level through a Discount Control Mechanism and a penalty mechanism for non-compliance of the discount scheme. Such conduct pertains to and emanates out of sale of motor vehicles. Hence, for the purposes of determining the relevant turnover for this infringement, revenue from sale of motor vehicles alone has to be taken into account.

On a careful consideration of the nature of the contraventions made and the points urged by HMIL for mitigation, the Commission decides to impose penalty on HMIL at the rate of 0.3 % of its average relevant turnover of the last three financial years.

Accordingly, the Commission imposes a penalty of Rs. 87 crore on HMIL for the impugned conduct in contravention of the provisions of Section 3(1) read with Section 3(4) of the Act, as detailed in the order.

LW 50:07:2017

BHARTI AIRTEL LTD v. RELIANCE INDUSTRIES LTD & ANR [CC]

Case No. 03 of 2017

D.K.Sikri, S. L. Bunker, Sudhir Mital, Augustine Peter, U. C. Nahta, Justice G. P. Mittal [Decided 09/06/2017]

Competition Act, 2002- section 4- abuse of dominance- providing free services for a specified period to promote sales- whether abuse of dominance-Held, No.

Brief facts:

The primary concern of the Informant relates to the free services being offered by OP-2 since the inception of its business i.e. from 5th September, 2016 under one offer or the other. This according to the Informant amounts to predatory pricing, in contravention of the provisions of Section 4(2) (a) (ii) of the Act. Further, OP-1 is alleged to be in contravention of Section 4(2) (e) of the Act as it has allegedly used its financial strength in other markets to enter into the telecom market through OP-2.

Decision: Complaint dismissed & Case closed.

Reason:

The gravamen of the allegations of the Informant concerns free services provided by OP-2 since the inception of its business i.e. from 5th September 2016 under one offer or the other. This has been alleged as contravention of the provisions of Section 4(2) (a) (ii) of the Act by OP-2. In order to examine the impugned free services under the provisions of Section 4 of the Act, it needs to be ascertained whether OP-2 enjoys a dominant position in any relevant market. Only when such a position is established as being enjoyed by OP-2, it will be imperative to examine as to whether its impugned conduct amounts to an abuse or not.

The Commission is of the view that the relevant product market in the facts and circumstances of the present case is the market for 'provision of wireless telecommunication services to end users' and accordingly, the relevant market in the instant case is the market for 'provision of wireless telecommunication services to end users in each of the 22 circles in India'.

Coming to the assessment of dominant position, the Commission notes that after the opening up of telecommunication market to private players, this market has witnessed entry of a number of players competing with each other resulting in decrease of tariffs and constant improvements in quality and variety of services. As per the TRAI press release dated 17th February, 2017, the wireless subscriber base of private telecommunication players at pan-India level constitutes 91.09% as against 8.91% held by public sector undertakings. The market is led by the Informant with a market share of 23.5% followed by Vodafone (18.1%), Idea (16.9%), BSNL (8.6%), Ariel (8%), RCOM (7.6%), OP-2 (6.4%), Telenor (4.83%), Tata (4.70), Sistema (0.52%), MTNL (0.32%) and Quadrant (0.27%). Further, in none of the 22 telecommunication circles, the Opposite Party has a market share higher than 7%. As may be seen, the market is characterised by the presence of several players ranging from established foreign telecom operators to prominent domestic business houses like TATA. Many of these players are comparable in terms of economic resources, technical capabilities and access to capital. Further, the market is characterised by the presence of several players resulting in sufficient choice to consumers who can shift from one service provider to another and that too with ease. This implies that dependence of consumers on any single telecom operator is not of any significant extent. Against this background, it is difficult to construe dominant position being possessed by OP-2 with 6.4% market share, which presupposes an ability to operate independently of the market forces to affect its consumers or competitors.

The Commission notes that financial strength is relevant but not the sole factor to determine dominant position of an enterprise. Considering comparable investments and financial strengths of competitors, the success of OP-2 in managing large scale investments does not suggest dominant position being enjoyed by OP-2. The Commission does not find it appropriate to hold OP-2 dominant in a scenario where its customers constitute less than 7 per cent of the total subscriber base at pan-India level, various functions of telecom service providers are regulated and entrenched players have been in existence for more than a decade with sound business presence, comparable financial position, technical capabilities and reputation. Even if one were to consider 4G LTE services as the relevant product market, OP-2 is not likely to hold dominant position in such market on account of the presence of the Informant, Vodafone, Idea, etc., who derive commercial and technical advantages due to their sustained

and sound business presence in other telecom services. It needs to be appreciated that OP- 2 is a new entrant, who has commenced its business recently i.e. from 5th September, 2016.

In the absence of any dominant position being enjoyed by OP-2 in the relevant market, the question of examining the alleged abuse does not arise. Notwithstanding this, the offers of OP-2 do not appear to raise any competition concern at this stage. In view of the foregoing discussion, the Commission is of the considered view that no *prima facie* case of contravention of Section 4(2) (a) (ii) of the Act is made out against OP-2.

The Informant has also made contradictory submissions of the impugned free services of OP-2 as being an outcome of leverage of dominant position by OP- 1 as well as an outcome of alleged anti-competitive agreement between OP-1 and OP-2. The Commission notes that no agreement of the nature prohibited under Section 3 of the Act is discernible from the facts and allegations levelled by the Informant. As noted earlier, the impugned conduct of OP-2 has not been found as *prima facie* contravening the provisions of the Act prohibiting unfair pricing including predatory pricing. In the absence of any finding of anti-competitive conduct by OP-2, OP-1 cannot be held to be in contravention of Section 4(2) (e) of the Act just because it has made huge investments in OP-2. Mere investments cannot be regarded as leverage of dominant position, particularly when OP-1 itself is not engaged in business of providing telecom services or any activities incidental thereto. If one were to construe such investment as anti-competitive, the same would deter entry and/or expansion and limit the growth of markets. In view of the above, no *prima facie* case of contravention of Section 3(1) or Section 4(2) (e) of the Act is made out against the Opposite Parties.

The Commission, therefore, is of the view that no *prima facie* case of contravention of the provisions of Sections 3 or 4 of the Act is made out against the Opposite Parties. Accordingly, the matter is ordered to be closed in terms of the provisions of Section 26(2) of the Act.



General Laws

LW 51:07:2017

DELHI METRO RAIL CORPORATION LTD. v. DELHI AIRPORT METRO EXPRESS PVT.LTD [DEL]

FAO (OS) (COMM) 128/2017

G.S.Sistani & Vinod Goel, JJ. [Decided on 07/06/2017]

Arbitration and conciliation Act, 1966- award in favour of respondent - single judge directs deposit of Rs.65 crores with the bank of Respondent to cover interest charges- whether tenable- Held, Yes.

Brief facts:

Disputes arose between the parties in respect of the contract relating to the airport metro line. The Arbitral Tribunal has rendered an Award in favour of the respondent in the sum of Rs.4670 crores including interest till the date of the Award. The appellant DMRC, moved the High court against the award.

In the order dated 30.05.2017 (hereinafter referred to as “the impugned order”) the learned Single Judge has directed the respondent/appellant herein to pay a sum of Rs.60 crores directly to Axis Bank who is stated to be the lead lending bank to the petitioner (before learned Single Judge and respondent herein) to protect the rights of the appellant herein, the respondent has been directed to furnish an unconditional bank guarantee to the extent of Rs. 65 crores which would cover the factor of interest at the rate of 12% per annum should the appellant herein succeed. The appellant challenged this order before the Division Bench.

Decision: Appeal dismissed.

Reason:

We have heard the learned counsel for the parties. We find no force in the submission of learned counsel for the appellant that the present petition under Section 9 of the Act is premature. The submission of the petitioners is premised in the language of Section 36 which stipulates that only after the expiry of time for making an application to set aside the arbitral award under Section 34 has expired, the award is deemed to be a decree of the Court. According to the learned counsel for the appellant, there is no decree as on date. This submission is not acceptable in view of the express language of Section 9 itself.

From the foregoing, it is clear that the power vested in the Court may be exercised when the proceedings before the Arbitrator are either “contemplated”, “pending” or even “completed”. The present case is one under the third category and the Court has the power to order interim measures after the passing of the award, but before its enforcement in accordance with Section 36 of the Act. Hence, the Court was clearly vested with the power to grant interim measures prior to the award becoming a deemed decree under Section 36 of the Act.

We may notice that the order dated 30.05.2017 is only an interim order and all the issues sought to be raised by the parties have been kept open to be considered by the learned Single Judge on the next date of hearing as is evident upon reading of the order dated 30.05.2017.

We find no grounds to interfere in the impugned order passed by the learned Single Judge, firstly, for the reason that order dated 30.05.2017 is an interim order by which the appellant herein has been directed to deposit Rs.60 crores out of an award in favour of the respondent in the sum of Rs.4670 crores; secondly, for the amount to be deposited, the respondent has been directed to provide the bank guarantee of Rs.65 crores which would cover the interest on Rs.60 crores to be deposited by the appellant herein; and thirdly, this amount is to be paid directly to the Axis Bank keeping in view the large sums of interest to be paid by the respondent (Rs.65 lakh per day/Rs.20 crores per month) and also for the reason that all the grounds sought to be urged have been kept open to be decided by the learned Single Judge. Accordingly, the present appeal as well as the application is dismissed.

LW 52:07:2017

ESSAR PROJECTS (INDIA) LTD v. INDIAN OIL CORPORATION

LTD & ANR [DEL]

O.M.P. (I) (COMM) 232/2017

G.S. Sistani, J. [02/06/2017]

Arbitration and Conciliation Act, 1996- dispute between the parties- respondent was about to encash the bank guarantees given by petitioner- whether respondent could be restrained from encashing the guarantees-Held, No.

Brief facts:

By the present petition under Section 9 of the Arbitration and Conciliation Act, 1996, the petitioner inter alia prays for restraining the respondents from encashing bank guarantees no.160004IBGA00036 and 160001BGA00037 dated 28.03.2016.

Decision: Petition dismissed.

Reason:

The only ground urged before this Court is that special equities exist in favour of the petitioner entitling it to an injunction against the respondents on the grounds that extensions of time were granted by the respondent no.1, the amount due from the petitioner has not been computed and that on the contrary, IOC owes about 900 crores to the petitioner therein.

The scope of interference by courts in the invocation of the bank guarantees is no longer res integra. It has been repeatedly held that, especially in cases of unconditional bank guarantees, the court should not interfere unless the petitioner is able to establish fraud of egregious nature or is able to plead special equities. I need not burden my opinion with numerous judicial pronouncements, suffice it to reproduce the relevant paragraphs of a judgment of this very Court in CWHEC-HCIL (JV) v. Calcutta Haldia Port Road Co. Ltd. & Ors., ILR (2008) 1 Del 353.

The first question which arises for consideration is whether the two bank guarantees which are identical in nature are unconditional or not. Reading of the terms of the bank guarantee, more particularly the clauses extracted in paragraph 20 foregoing, leave no room for doubt that the petitioner had provided unconditional bank guarantees to the respondent no.1.

As regards, the submission that the respondent no.1 has acted as an arbiter in its own cause and decided the quantum of damages unilaterally, the question, in my view, stands fully answered in the case of Hindustan Steelworks Construction Ltd. v. Tarapore & Co. and Another, (1996) 5 SCC 34. In the case, the appellant had granted a contract for construction of civil works in a steel plant to the contractor, which despite extensions was unable to complete the project within the stipulated time and the appellant rescinded the contract. As per the terms of the contract, the appellant assessed the loss/damages and invoked the bank guarantees. The contractor rushed before the Trial Court praying for an injunction restraining the appellant from invoking the bank guarantees to no avail and then approached the Andhra Pradesh High Court alleging that since the bank guarantees were given for securing due performance, the same would be encashable only after the arbitrators decide the factum of breach as well as the damage suffered. The High Court reversed the decision of the Trial Court finding that the liability to pay damages would arise only after it is established that there is a breach of contract and same could be ascertained by the arbitrator. This did not find favour with the Apex Court, which allowed the appeals by observing as under:

“We are, therefore, of the opinion that the correct position of law is that commitment of banks must be honoured free from interference by the courts and it is only in exceptional cases, that is to say, in case of fraud or in a case where irretrievable injustice would be done if bank guarantee is allowed to be encashed, the court should interfere. In this case fraud has not been pleaded and the relief for injunction was sought by the contractor/Respondent 1 on the ground that special equities or the special circumstances of the case required it. The special circumstances and/or special equities which have been pleaded in this case are that there is a serious dispute on the question as to who has committed breach of the contract, that the contractor has a counter-claim against the appellant, that the disputes between the parties have been referred to the arbitrators and that no amount can be said to be due and payable by the contractor to the appellant till the arbitrators declare their award. In our opinion, these factors are not sufficient to make this case an exceptional case justifying interference by restraining the appellant from enforcing the bank guarantees. The High Court was, therefore, not right in restraining the appellant from enforcing the bank guarantees.”

Even the other grounds urged by the learned senior counsel for the petitioner fail to establish a case of special equities. The attribution of the guilt for the delay and the consequent or other claims of the petitioner can be adjudicated before the arbitral tribunal. Further, the respondent no.1 being an instrumentality of the state, there is no danger of the petitioner being unable to recover any amounts it claims should the same be awarded to it in the arbitral proceedings. I may also note that similar grounds pertaining to outstanding bills, amounts and attribution of blame for delay in execution of project were raised before this Court in CWHEC-HCIL (JV) and were rejected (paragraphs 2-4, 19, 41 and 44).

In the present case, the petitioner has not been able to establish any special equities in claim or counter claim on behalf of the petitioner against a ground to stay the bank guarantee which is an independent document. Therefore, I find no grounds to stay the invocation of the two bank guarantees.

LW 53:07:2017

ANANTHESH BHAKTA v. NAYANA S. BHAKTA & ORS
[2017] 5 SCC 185]

Civil Appeal No.10837 of 2016 (arising out of SLP(C) No. 31179 of 2014)

R.K. Agrawal & Ashok Bhushan, JJ. [Decided on 15/11/2016]

Arbitration and Conciliation Act, 1966- disputes between partners- unregistered partnership – partnership deed as well as retirement deed provided for arbitration- whether arbitration proceedings could be refused on the ground that partnership is unregistered- Held, No.

Brief facts:

Facts are complicated and elaborate. Suffice to state that disputes arose between the partners of an unregistered partnership firm and a suit was filed to resolve the dispute, in which the defendants have filed an application seeking to refer the dispute to arbitration as the partnership deed as well as the retirement deed contained arbitration clause.

Decision: Appeal dismissed.

Reason:

After considering the submissions of learned counsel for the parties and perusing the records, the court framed the following three issues and answered them accordingly.

(1) Whether non-filing of either original or certified copy of retirement deed and partnership deed along with application I.A.No. IV dated 09.05.2014 entailed dismissal of the application as per section 8(2) of 1996 Act.

In the present case as noted above, the original Retirement Deed and Partnership Deed were filed by the defendants on 12th May and it is only after filing of original deeds that Court proceeded to decide the application I.A.No. IV. In the present case it is relevant to note the Retirement Deed and Partnership Deed have also been relied by the plaintiffs. Hence, the argument of plaintiffs that defendants’ application I.A.No. IV was not accompanied by original deeds, hence, liable to be rejected, cannot be accepted. We are thus of the view that the appellants submission that the application of defendants under Section 8 was liable to be rejected, cannot be accepted.

(2) Whether the fact that all the parties to the suit being not parties to the retirement deed/partnership deed, the Court was not entitled to make the reference relying on arbitration agreement.

The plaintiffs admittedly are parties to the arbitration agreement as noted above. It does not lie in their mouth to contend that since one of the defendants whom they have impleaded was not party to the arbitration agreement, no reference can be made to the arbitrator. In the facts of the present case, it cannot be said that merely because one of the defendants i.e. defendant no. 6 was not party to the arbitration agreement, the dispute between the parties which essentially relates to the benefits arising out of Retirement Deed and Partnership deed cannot be referred.

Learned District Judge has noted that defendant no.6 has not inherited any share either in Partnership deed or in the schedule property and hence there is no question of bifurcation of either cause of action or parties. We fully endorse the above view taken by Learned District Judge.

(3) Whether dispute pertaining to unregistered partnership deed cannot be referred to an arbitration despite there being arbitration agreement in the deed of retirement/partnership deed.

The submission by the petitioner is that partnership being an unregistered partnership, no reference can be made to the arbitration. In the present case there is no dispute between the parties that both Retirement deed and Partnership deed contain an arbitration clause. In Retirement deed which had been signed by retiring partners, continuing partners and concurring partners, following was stated in clause 8:

“...In case of any dispute or difference arising between the parties, regarding the interpretation of the contents of this Deed of Retirement or any other matter or transactions touching the said retirement, it shall be referred to an arbitration under the provisions of the Arbitration & Conciliation Act, 1996.”

When the partners and those who claim through partners agreed to

get the dispute settled by arbitration, it is not open for the appellants to contend that partnership being unregistered partnership, the dispute cannot be referred.

The petitioners have not been able to show any statutory provision either in 1996 Act or in any other statute from which it can be said that dispute concerning unregistered partnership deed cannot be referred to arbitration. We thus do not find any substance in the third submission of the appellant.

In the result, we do not find any merit in this appeal which is accordingly dismissed.



Tax Laws

LW 54:07:2017

DIRECTOR OF INCOME TAX (IT) - I v. A.P. MOLLER MAERSK A S [(2017) 5 SCC 651]

Civil Appeal No. 8040 of 2015 with batch of appeals

A.K. Sikri & A.M.Sapre, JJ. [Decided on 17/02/2017]

Income tax Act, 1961 - section 9- foreign shipping company operating through agents in India- agents sharing the common net services of the foreign company- agents charged for using the net services- whether such charge is 'technical fee' and liable to be taxed as such in India- Held, No.

Brief facts:

The respondent assessee is a foreign company engaged in the shipping business and is a tax resident of Denmark. There is a Double Taxation Avoidance Agreement (hereinafter referred to as the 'DTAA') between India and Denmark. The Assessing Officer (AO) assessed the income in the hands of the assessee and allowed the benefit of the said DTAA. However, while making the assessment, the AO observed that the assessee had agents working for it, namely, Maersk Logistics India Limited (MLIL), Maersk India Private Limited (MIPL), Safmarine India Private Limited (SIPL) and Maersk Infotech Services (India) Private Limited (MISPL). These agents booked cargo and acted as clearing agents for the assessee. In order to help all its agents, across the globe, in this business, the assessee had set up and was maintaining a global telecommunication facility called Maersk Net System which is a vertically integrated communication system. The agents were paying for said system on pro-rata basis. According to the assessee, it was merely a system of cost sharing and the payments received by the assessee from MIPL, MLIL, SIPL and MISPL were in the nature of reimbursement of expenses. The AO did not accept this contention and held that the amounts paid by these three agents to the assessee was consideration/fees for technical services

rendered by the assessee and, accordingly, held them to be taxable in India under Article 13(4) of the DTAA and assessed tax @ 20% under Section 115A of the Income Tax Act, 1961.

The appeal preferred by the assessee against the Assessment Order before the Commissioner of Income Tax (Appeals) was dismissed. Aggrieved by the order passed by the CIT (A), the assessee preferred further appeal before the Income Tax Appellate Tribunal (ITAT), which allowed the appeal. Against this Revenue preferred an appeal before the High court which also dismissed the appeal. Hence the present appeal.

Decision: Appeals dismissed.

Reason:

It is clearly held that no technical services are provided by the assessee to the agents. Once these are accepted, by no stretch of imagination, payments made by the agents can be treated as fee for technical service. It is in the nature of reimbursement of cost whereby the three agents paid their proportionate share of the expenses incurred on these said systems and for maintaining those systems. It is re-emphasised that neither the AO nor the CIT (A) has stated that there was any profit element embedded in the payments received by the assessee from its agents in India. Record shows that the assessee had given the calculations of the total costs and pro-rata division thereof among the agents for reimbursement. Not only that, the assessee have even submitted before the Transfer Pricing Officer that these payments were reimbursement in the hands of the assessee and the reimbursement was accepted as such at arm's length. Once the character of the payment is found to be in the nature of reimbursement of the expenses, it cannot be income chargeable to tax.

Pertinently, the Revenue itself has given the benefit of Indo-Danish DTAA to the assessee by accepting that under Article 9 thereof, freight income generated by the assessee in these Assessment Years is not chargeable to tax as it arises from the operation of ships in international waters. Once that is accepted and it is also found that the Maersk Net System is an integral part of the shipping business and the business cannot be conducted without the same, which was allowed to be used by the agents of the assessee as well in order to enable them to discharge their role more effectively as agents, it is only a facility that was allowed to be shared by the agents. By no stretch of imagination it can be treated as any technical services provided to the agents. In such a situation, 'profit' from operation of ships under Article 19 of DTAA would necessarily include expenses for earning that income and cannot be separated, more so, when it is found that the business cannot be run without these expenses.

This Court in Commissioner of Income Tax-4, Mumbai v. Kotak Securities Ltd, (2016) 383 ITR 1 (SC) has categorically held that use of facility does not amount to technical services, as technical services denote services catering to the special needs of the person using them and not a facility provided to all.

We have already mentioned in the beginning the issue raised by the Revenue itself which shows that the only contention raised is as to whether the payment in question can be treated as fee for technical services. Having held that issue against the Revenue, no further consideration is required of any other aspects in these appeals. These appeals are, therefore, bereft of any merit and are accordingly dismissed.

4

FROM THE GOVERNMENT



- COMPANIES (AUDIT AND AUDITORS) SECOND AMENDMENT RULES 2017
- EXEMPTIONS TO SECTION 8 COMPANIES UNDER THE COMPANIES ACT, 2013
- EXEMPTIONS TO PRIVATE COMPANIES
- EXEMPTIONS TO GOVERNMENT COMPANIES
- CLARIFICATION REGARDING TRANSMISSION OF SECURITIES BY OPERATION OF LAW-REG.
- CLARIFICATION REGARDING DUE DATE OF TRANSFER OF SHARES TO IEPF AUTHORITY
- CLARIFICATION TO ENHANCED SUPERVISION CIRCULAR
- PARTICIPATION OF CATEGORY III ALTERNATIVE INVESTMENT FUNDS (AIFs) IN THE COMMODITY DERIVATIVES MARKET
- CONTINUOUS DISCLOSURES AND COMPLIANCES BY ISSUERS UNDER SEBI (ISSUE AND LISTING OF DEBT SECURITIES BY MUNICIPALITIES) REGULATIONS, 2015
- INTEREST AND DIVIDEND INFORMATION REPORTING IN CASE OF CUSTODIAL ACCOUNTS-RULE 114G(1)(E) OF THE INCOME TAX RULES, 1962
- NON-COMPLIANCE WITH CERTAIN PROVISIONS OF SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ("ICDR REGULATIONS")
- RECORDING OF NON DISPOSAL UNDERTAKING (NDU) IN THE DEPOSITORY SYSTEM
- COMPREHENSIVE REVIEW OF MARGIN TRADING FACILITY
- OPTIONS ON COMMODITY FUTURES- PRODUCT DESIGN AND RISK MANAGEMENT FRAMEWORK
- COMPREHENSIVE GUIDELINES FOR INVESTOR PROTECTION FUND, INVESTOR SERVICE FUND AND ITS RELATED MATTERS AT NATIONAL COMMODITY DERIVATIVES EXCHANGES
- ONLINE REGISTRATION MECHANISM FOR MUTUAL FUNDS
- DISCLOSURE REQUIREMENTS FOR ISSUANCE AND LISTING OF GREEN DEBT SECURITIES



Corporate Laws

01 Companies (Audit and Auditors) Second Amendment Rules 2017

[Issued by the Ministry of Corporate Affairs vide [F. No. 1/33/2013-CL-V (Vol.I)] dated 22.06.2017. Published in the Gazette of India, Extraordinary, Part-II, Section(3) Sub-section(i) vide GSR 621(E) dated 22.06.2017]

In exercise of the powers conferred by section 139 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Audit and Auditors) Rules, 2014, namely:—

1. **Short title and commencement.-** (1) These rules may be called the Companies (Audit and Auditors) Second Amendment Rules, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Audit and Auditors) Rules, 2014, in rule 5, in clause (b), for the word “twenty”, the word “fifty” shall be substituted.

AMARDEEP SINGH BHATIA
Joint Secretary

02 Exemptions to Section 8 Companies under the Companies Act, 2013

[Issued by the Ministry of Corporate Affairs vide [F. No. 1/2/2014-CL-I) dated 13.06.2017. Published in the Gazette of India, Extraordinary, Part-II, Section(3) Sub-section(i) vide GSR 584(E) dated 13.06.2017]

1. In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 462 and in pursuance of sub-section (2) of section 462 read with section 8 of the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the said Act), the Central Government, in the interest of public, hereby amends the notification of the Government of India, in the Ministry of Corporate Affairs, vide number G.S.R. 466(E) dated the 5th June, 2015 published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), dated the 5th June 2015 (hereinafter referred to as the principal notification), namely:-

2. In the principal notification, in the Table, for serial number 8 and the entries relating thereto, the following serial number and the entries relating thereto shall be substituted, namely:

(1)	(2)	(3)
“8	Clause (b) and first proviso to sub-section (1) of section 149.	Shall not apply.”

3. In the principal notification, in the Table, after serial No. 19, the following serial number and the entries relating thereto shall be inserted, namely:-

(1)	(2)	(3)
“19A.	Sub-section (7) of section 186.	In sub-section (7), the following proviso shall be inserted, namely:- Provided that nothing contained in this sub-section shall apply to a company in which twenty-six per cent. or more of the paid-up share capital is held by the Central Government or one or more State Governments or both, in respect of loans provided by such company for funding Industrial Research and Development projects in furtherance of its objects as stated in its memorandum of association.”.

4. In the principal notification, after paragraph 2, the following paragraph shall be inserted, namely: -

“2A. The exceptions, modifications and adaptations provided in column (3) of the aforesaid Table shall be applicable to a company covered under section 8 of the said Act which has not committed a default in filing its financial statements under section 137 or annual return under section 92 of the said Act with the Registrar.”.

AMARDEEP SINGH BHATIA
Joint Secretary

03 Exemptions to Private Companies

[Issued by the Ministry of Corporate Affairs vide [F. No. 1/1/2014-CL-V)] dated 13.06.2017. Published in the Gazette of India, Extraordinary, Part-II, Section(3) Sub-section(i) vide GSR 583(E) dated 13.06.2017]

1. In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 462 and in pursuance of sub-section (2) of section 462 of the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the said Act), the Central Government, in the interest of public, hereby amends the notification of the Government of India, in the Ministry of Corporate Affairs, vide number G.S.R. 464(E) dated the 5th June, 2015 published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), dated the 5th June 2015 (hereinafter referred to as the principal notification), namely:-
2. In the principal notification, in the Table, the existing serial number 1 and the entries relating thereto shall be re-numbered as serial number 1-A, and before the serial number

1A as so re-numbered and the entries relating thereto, the following serial number and the entries relating thereto shall be inserted, namely:-

(1)	(2)	(3)
"1.	Chapter I, clause (40) of section 2.	For the proviso, the following shall be substituted, namely:- Provided that the financial statement, with respect to one person company, small company, dormant company and private company (if such private company is a start-up) may not include the cash flow statement; Explanation. - For the purposes of this Act, the term, start-up or start-up company means a private company incorporated under the Companies Act, 2013 (18 of 2013) or the Companies Act, 1956 (1 of 1956) and recognised as start-up in accordance with the notification issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry."

3. In the principal notification, in the Table, for serial number 6 and the entries relating thereto, the following serial number and the entries relating thereto shall be substituted, namely:-

(1)	(2)	(3)
"6.	Chapter V, clauses (a) to (e) of sub-section (2) of section 73.	Shall not apply to a private company- (A) which accepts from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account; or (B) which is a start-up, for five years from the date of its incorporation; or (C) which fulfils all of the following conditions, namely:- (a) which is not an associate or a subsidiary company of any other company; (b) if the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is lower; and (c) such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under this section: Provided that the company referred to in clauses (A), (B) or (C) shall file the details of monies accepted to the Registrar in such manner as may be specified."

4. In the principal notification, in the table, after serial number 6 and the entries relating thereto, the following serial numbers and the entries shall be inserted, namely:-

(1)	(2)	(3)

"6A.	Chapter VII, clause (g) of sub-section (1) of section 92	Shall apply to private companies which are small companies, namely:- “(g) aggregate amount of remuneration drawn by directors;”
6B.	Chapter VII, proviso to sub-section (1) of section 92	For the proviso, the following proviso shall be substituted, namely:- Provided that in relation to One Person Company, small company and private company (if such private company is a start-up), the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company."

5. In the principal notification, after serial number 9, the following serial number and the entries relating thereto shall be inserted, namely:-

(1)	(2)	(3)
"9A.	Chapter X, clause (i) of sub-section (3) of section 143.	Shall not apply to a private company:- (i) which is a one person company or a small company; or (ii) which has turnover less than rupees fifty crores as per latest audited financial statement or which has aggregate borrowings from banks or financial institutions or any body corporate at any point of time during the financial year less than rupees twenty five crore.

6. In the principal notification, after serial number 11, the following serial numbers and the entries relating thereto shall be inserted, namely:-

(1)	(2)	(3)
"11A.	Chapter XII, sub-section (5) of section 173	For sub-section (5), the following sub-section shall be substituted, namely:- (5) A One Person Company, small company, dormant company and a private company (if such private company is a start-up) shall be deemed to have complied with the provisions of this section if at least one meeting of the Board of Directors has been conducted in each half of a calendar year and the gap between the two meetings is not less than ninety days: Provided that nothing contained in this sub-section and in section 174 shall apply to One Person Company in which there is only one director on its Board of Directors.
11B.	Chapter XII, sub-section (3) of section 174.	Shall apply with the exception that the interested director may also be counted towards quorum in such meeting after disclosure of his interest pursuant to section 184."

7. In the principal notification, after paragraph 2, the following paragraph shall be inserted, namely:-

"2A. The exceptions, modifications and adaptations provided in column (3) of the aforesaid Table shall be applicable to a private company which has not committed a default in filing its financial statements under section 137 of the said Act or annual return under section 92 of the said Act with the

Registrar.”

AMARDEEP SINGH BHATIA
Joint Secretary

04 Exemptions to Government Companies

[Issued by the Ministry of Corporate Affairs vide [F. No. 1/2/2014-CL-V] dated 13.06.2017. Published in the Gazette of India, Extraordinary, Part-II, Section(3) Sub-section(i) Vide GSR 582(E) dated 13.06.2017]

- In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 462 and in pursuance of sub-section (2) of section 462 of the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the said Act), the Central Government, in the interest of public, hereby amends the notification of the Government of India, in the Ministry of Corporate Affairs, vide number G.S.R. 463(E) dated the 5th June, 2015 published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), dated the 5th June 2015 (hereinafter referred to as the principal notification), namely:-
- In the principal notification, in the Table, for serial number 5 and the entries relating thereto, the following serial number and the entries relating thereto shall be substituted, namely:-

(1)	(2)	(3)
“5.	Chapter VII, sub-section (2) of section 96.	In sub-section (2), for the words “such other place as the Central Government may approve in this behalf”, the words “such other place within the city, town or village in which the registered office of the company is situate or such other place as the Central Government may approve in this behalf” shall be substituted.”.

- In the principal notification, in the Table, for serial number 15 and the entries relating thereto, the following serial number and the entries relating thereto shall be substituted, namely:-

“15.	Chapter XI, sub-sections (6) and (7) of section 152.	Shall not apply to – (a) a Government company, which is not a listed company, in which not less than fifty-one per cent. of paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments; (b) a subsidiary of a Government company, referred to in (a) above.”.
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- In the principal notification, in the Table, after serial number 29, the following serial number and the entries relating thereto shall be inserted, namely:-

“29A.	Chapter XV, sections 230 to 232.	For the word “Tribunal”, wherever it occurs, the words “Central Government” shall be substituted.”.
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- In the principal notification, after paragraph 2, the following paragraph shall be inserted, namely:-

“2A. The exceptions, modifications and adaptations provided in column (3) of the aforesaid Table shall be applicable to a Government company which has not committed a default in filing its financial statements under section 137 of the said Act or annual return under section 92 of the said Act with the Registrar.”.

AMARDEEP SINGH BHATIA
Joint Secretary

05 Clarification regarding transmission of Securities by Operation of Law - Reg.

[Issued by the Ministry of Corporate Affairs vide General Circular No. 07/2017 dated 05.06.2017]

- Clarity has been sought by stakeholders w.r.t. issue of duplicate shares under Rule 6 (3)(d) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. It has been stated that since transfer of shares to IEPF under section 124 (6) of the Companies Act, 2013 read with rules referred to above takes place on account of operation of law hence the procedure followed during transmission of shares may be followed in such cases and duplicate shares need not be issued in such cases. The suggestion made by the stakeholders has been examined in the Ministry and it is clarified that the procedure similar to what is followed in case of transmission of shares may be followed by companies while transferring shares to IEPF Authority pursuant to section 124 (6) read with applicable rules.
- This issues with the approval of the Competent Authority.

MOINKA GUPTA
Deputy Director

06 Clarification regarding due date of transfer of shares to IEPF Authority

[Issued by the Ministry of Corporate Affairs vide General Circular No. 06/2017 dated 29.05.2017]

- Pursuant to second proviso to Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 notified on February 28, 2017, where the seven year period provided under sub-section (5) of section 124 is completed during September 7, 2016 to May 31, 2017, the due date for transfer of such shares by companies is May 31, 2017.
- The modalities for transfer/ transmittal of shares from companies accounts to the demat account of the IEPF Authority are being finalized with the depositories. IEPF Authority is considering to open special Demat account and till opening of demat accounts, the due date for transfer of shares stands extended. In view of this, a revised due date for transfer/ transmittal of shares shall be notified soon.

3. Companies, are advised to complete all formalities, as laid down in the aforesaid Rules without waiting for the fresh dates. Companies which have already published notice in newspaper and send notices to the shareholders, need not give the fresh notices again due to this extension.
4. This issues with the approval of Competent Authority.

MONIKA GUPTA
Deputy Director

07 Clarification to Enhanced Supervision Circular

[Issued by the Securities And Exchange Board of India vide Circular [F. No. CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64] dated 22.06.2017.]

1. SEBI vide circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, has issued guidelines covering broad areas for enhanced supervision based on the recommendation of the committee constituted by SEBI. Following representations from Exchanges as well as market participants, SEBI vide Circular no SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/138 dated December 20, 2016 made the aforesaid Circular effective from April 1, 2017 and accordingly the various timelines mentioned in the circular for different activities was consequently postponed.
2. SEBI has received further representations from the market participants regarding certain provisions of the aforesaid circular. Based on the discussions with different stakeholders, following clarifications are made:
 - a. Clause 1.2.2 and 1.2.4 stands deleted; accordingly naming proprietary bank/demat accounts of the stock broker as 'Stock Broker- Proprietary Account' is voluntary. It is however clarified that bank/demat account which do not fall under the Clauses 1.2.1,1.2.3, 1.2.5 , 1.2.6 and 1.2.7 would be deemed to be proprietary.
 - b. After Clause 2.1, Clause 2.1.1 is inserted as, "Stock Broker which is also Bank, may be required to report to the Stock Exchanges only those bank accounts that are used for their stock broking activities".
 - c. Clause 2.5 stand modified as follows: "As per existing norms, a stock broker is entitled to have a lien on client's securities to the extent of the client's indebtedness to the stock broker and the stock broker may pledge those securities. Pledge of such securities is permitted, only if, the same is done through Depository system in compliance with Regulation 58 of the SEBI (Depositories and Participants) Regulations,1996. To strengthen the existing mechanism, the stock brokers shall ensure the following:"
 - d. Clause 2.6 stands modified as, "Stock brokers shall not grant further exposure to the clients when debit balances arise out of client's failure to pay the required amount and such debit balances continues beyond the fifth trading day, as reckoned from date of pay-in, except, in

accordance with the margin trading facility provided vide SEBI circular CIR/MRD/DP/54/2017 dated June 13, 2017 or as may be issued from time to time." This clause would be effective from August 1, 2017.

- e. Clause 3.2 stands clarified that, Stock broker shall upload the data as envisaged in the Clause 3.2 on monthly basis instead of weekly basis till March 31, 2018. Accordingly, till March 31, 2018, stock broker shall submit the data as on the last trading day of every month to the Stock Exchanges on or before the next trading day. Thereafter, the uploading of that data by the stock broker to the Stock Exchanges shall be on weekly basis i.e. stock brokers shall submit the data as on last trading day of every week on or before the next trading day.
- f. Further, it is also clarified that the provisions of this enhanced supervision circular is not applicable to Regional Commodity Exchanges till further notice.

3. You are advised to take necessary steps to ensure compliance with the above.
4. The Stock Exchanges/Depositories are directed to bring the contents of this circular to the notice of the Stock Brokers/ Depository Participants and also disseminate the same on their websites.
5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
6. This Circular is available on SEBI website at www.sebi.gov. in under the categories "Legal Framework".

DEBASHIS BANDYOPADHYAY
General Manager

08 Participation of Category III Alternative Investment Funds (AIFs) in the commodity derivatives market

[Issued by the Securities And Exchange Board of India vide Circular [SEBI/HO/CDMRD/DMP/CIR/P/2017/61] dated 21.06.2017.]

1. At present, institutional participants are not allowed to participate in the commodity derivatives market in India. Consequently the commodity derivatives markets in India lack the desired liquidity and depth for efficient price discovery and price risk management. In the past, various committees including those constituted by the Government of India have recommended participation of institutional investors in the commodity derivatives markets, for improving the quality of price discovery, thereby leading to better price risk management.
2. Taking cognizance of the fact that participation by Institutional investors would be conducive for the overall development of the commodity derivatives market, SEBI has held consultations with various stakeholders of this market. Further, based on the recommendations of the Commodity Derivatives Advisory Committee (CDAC) and feedback received from the market participants during the consultative process, it is now decided

to allow the Category-III Alternative Investment Funds(AIFs) to participate in the commodity derivatives market, subject to the following conditions:

- 2.1. Category III AIFs may participate in all commodity derivatives products that are being traded on the commodity derivatives exchanges as 'clients' and shall be subjected to all the rules, regulations and instructions, position limit norms as may be applicable to clients, issued by SEBI and Exchanges from time to time.
- 2.2. Category III AIFs shall invest not more than ten percent of the investable funds in one underlying commodity.
- 2.3. Category III AIFs may engage in leverage or borrow subject to consent from the investors in the fund and subject to a maximum limit, as specified by the Board from time to time.
- 2.4. Category III AIFs shall make disclosure in private placement memorandum issued to the investors about investment in commodity derivatives. Consent of existing investor(s) shall be taken by AIFs if they intend to invest in commodity derivatives and exit opportunity should be provided to dissenting investor(s).
- 2.5. If applicable, AIF shall also comply with RBI notification No. FEMA. 355/2015-RB dated November 16, 2015 and all other guidelines issued by the RBI under Foreign Exchange Management Act, 1999 from time to time.
- 2.6. Category III AIF shall be subject to the reporting requirements as may be specified by SEBI.
- 2.7. The participation of Category III AIF in the commodity derivatives market shall be subject to the compliance of the provisions of SEBI (Alternative Investment Funds) Regulations, 2012 and circulars issued thereunder.
3. The provisions of this circular shall come into effect from the date of the circular.
4. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
5. The Exchanges are advised to:
 - i. make necessary amendments to the relevant bye-laws, rules and regulations.
 - ii. bring the provisions of this circular to the notice of the stock brokers of the Exchange and also to disseminate the same on their website.
 - iii. communicate to SEBI, the status of the implementation of the provisions of this circular.
6. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars", "Info for Commodity Derivatives" and "Info for Alternative Investment Funds (AIFs)".

VIKAS SUKHWAL
Deputy General Manager

09 Continuous disclosures and compliances by issuers under SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015

[Issued by the Securities And Exchange Board of India vide Circular [F. No. CIR/IMD/DF1/ 60 /2017] dated 19.06.2017.]

1. Regulation 23 of the SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 (SEBI ILDM Regulations) prescribe disclosures to be made by issuers making public issues of debt securities or seeking listing of debt securities issued on private placement basis to the Stock Exchange(s). The said disclosures, inter-alia, include disclosures for financial as well as non-financial information.

2. Accordingly it has been decided to specify as under:

2.1. Disclosure of financial information:

While disclosing its financial information to the Stock Exchanges, an issuer of debt securities under SEBI ILDM Regulations shall comply with the following:

2.1.1. Frequency and time period for disclosures:

- (a) The issuer shall prepare and submit unaudited financial results on a half yearly basis to the stock exchange and debenture trustee, wherever applicable, as soon as the same is available but not later than three months from the end of the half year.
- (b) The issuer shall prepare and submit the annual audited financial results with the stock exchange and debenture trustee, wherever applicable, as soon as the same is available but not later than six months from the end of the financial year. The audited financial results shall be accompanied by the annual report of the issuer.

2.1.2. Comparative information:

- (a) The annual financial information shall contain comparative information for the immediately preceding financial year.
- (b) The comparative information would consist of corresponding amounts (comparative figures) for all the items shown in the key financial statements (as specified in Paragraph 2.1.3 below), including notes.

2.1.3. Key Financial statements:

The key financial statements shall include the following:

- (a) Balance Sheet;
- (b) Income and Expenditure Statement;
- (c) Statement of Cash flows (a summary of an enterprise's cash flow over a given period of time);
- (d) Receipts and Payments Account (detailed as per the account heads);
- (e) Notes to Accounts; and
- (f) Financial Performance Indicators.

2.1.4. Annual report:

The annual report shall include the following:

- (a) Key Financial statements;
- (b) Report of the Auditor;
- (c) Municipal commissioner's Report on the Annual Financial Statements and the qualifications and comments made in the Report of the Auditor; and
- (d) Standing Committee's Action Taken Report on the qualifications and comments made in the Report of the Auditor and the Report of the Municipal commissioner.

2.1.5. Approval and authentication of financial information:

Before submission of the financial information to the Stock Exchanges, the financial information shall be taken on record by Standing Committee or General Body or Board of Directors or Board of Trustee, as applicable or equivalent.

2.1.6. Audit of Financial Information:

The annual financial information shall be audited, by the auditor appointed by the issuer as per the SEBI ILDM Regulations.

2.2. Other Continuous Disclosures to Stock Exchange(s) and Other Compliances:

2.2.1. Listing Agreement:

- (a) An issuer shall enter into a simplified listing agreement, with all the Stock Exchanges where it proposes to list debts securities in line with the format as specified under the **SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 on 'Format of uniform Listing Agreement'**.
- (b) However, with respect to the compliance with the listing conditions, an issuer shall follow the SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 and circulars issued therein.

2.2.2. Intimation to/ Approval from Stock Exchange(s):

- (a) **Intention to raise funds:**
The issuer shall intimate the stock exchange(s), its intention to raise funds through debt securities or it proposes to list either through a public issue or on private placement basis, prior to issuance of such securities: Provided that the above intimation may be given prior to the meeting of the Standing Committee/General Body wherein the proposal to raise funds through new debt securities shall be considered.
- (b) **Disclosure of Material and Price sensitive information:**
The issuer shall first disclose to stock exchange(s) of all events or information having bearing on the performance/operation of the listed entity, material or price sensitive information or any action that shall affect payment of interest or redemption of debt securities issued under SEBI ILDM Regulations as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information. The disclosures shall be made as per the format specified in **Annexure I**.
- (c) **Timely payment of interests or principal obligations or both:**
The issuer shall submit a certificate to the stock exchange within five working days of the interest or principal or both becoming due that it has made timely payment of

interests or principal obligations or both in respect of the debt securities issued under SEBI ILDM Regulations.

- (d) **Approval from the stock exchange(s) for any material modification:**

The issuer shall not make material modification such as the structure of the debt security in terms of coupon, redemption, or otherwise, without prior approval of the stock exchange(s) where the debt securities issued under SEBI ILDM Regulations are listed, to:

Provided that an application for approval from the stock exchange(s) shall be made only after approval of the designated committee/competent authorities and with the approval of the consent of requisite majority of holders of that class of securities.

- (e) **Record Date:**

The issuer shall fix a record date for purposes of payment of interest to the holder of debts securities and payment of redemption or repayment amount or for such other purposes as specified by the stock exchange. The issuer shall also give notice in advance of at least seven working days (excluding the date of intimation and the record date) to the recognized stock exchange(s) of the record date or of as many days as the stock exchange(s) may agree to or require specifying the purpose of the record date.

2.3. Other conditions:

2.3.1. Documents and information to holders of debt securities:

The listed entity shall send the following documents and information to holders of debt securities issued under SEBI ILDM Regulations:

- (a) Soft copies of full annual reports to all the holders of the debt securities who have registered their email address(es) for the purpose;
- (b) Hard copies of full annual reports to those holders of debt securities, who request for the same.

2.3.2. Credit Rating:

Every credit rating, wherever required to be obtained by an issuer as per Regulation 5(2)(c) and 15(1)(g) of the SEBI ILDM Regulations, shall be reviewed at least once a year, by the registered credit rating agency.

2.3.3. Grievance Redressal Mechanism:

- (a) An issuer of debt securities under SEBI ILDM Regulations shall ensure that adequate steps are taken for expeditious redressal of investor complaints.
- (b) An issuer of debt securities under SEBI ILDM Regulations shall ensure that it is registered on the SCORES platform or such other electronic platform or system of the Board as shall be mandated from time to time, in order to handle investor complaints electronically in the manner specified by the Board.
- (c) An issuer of debt securities under SEBI ILDM Regulations shall file with the recognized stock exchange(s), where its securities are listed, on half yearly basis, within thirty working days from the end of each half year a statement giving the following details:
 - Number of investor complaints pending at the beginning of the half year

- Number of investor complaints received during the half year
 - Number of investor complaints disposed of during the half year
 - Number of investor complaints pending at the end of the half year
- (d) The standing Committee or General Body or Board of Directors or Board of Trustee, as applicable shall review the aforementioned statement, before submission of the same to the Stock Exchange(s), and shall ensure that all investor complaints are redressed by the issuer in timely manner.
- (e) Periodic disclosures to be made on half yearly basis in terms of para 2 of Schedule V of SEBI ILDM Regulations shall be submitted within 30 working days from the end of the half year.

2.4. Appointment of compliance officer:

An issuer shall appoint a compliance officer who shall be responsible for:

- i. ensuring conformity with the regulatory provisions applicable to the issuer in letter and spirit.
 - ii. co-ordination with and reporting to the Board, recognized stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time.
 - iii. ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the issuer under these regulations.
 - iv. monitoring email of grievance redressal division as designated by the issuer for the purpose of registering complaints by investors.
3. The issuer who has listed its debt securities under the SEBI ILDM regulations shall forward to the stock exchange any other information in the manner and format as specified by the Board from time to time.
4. The provisions of this circular shall be applicable with immediate effect for the debt securities issued in accordance with SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015.
5. This Circular is issued in exercise of powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992 read with Regulation 29 of SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015.
6. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and under the drop down "Circulars".

RICHA G. AGARWAL
Deputy General Manager

Annexure I

The issuer shall inform to the stock exchange(s) in terms of provisions of Para 2.2.2 (b) of this circular of all information which shall have bearing on performance/operation of the listed entity or is price sensitive or shall affect payment of interest or of debt

securities issued under SEBI ILDM Regulations or redemption of debt securities including:

- (1) expected default in timely payment of interests/ or redemption or repayment amount or both in respect of the debt securities issued under SEBI ILDM Regulations and also default in creation of security for debentures as soon as the same becomes apparent;
- (2) any attachment or prohibitory orders restraining the listed entity from transferring debt securities issued under SEBI ILDM Regulations from the account of the registered holders along-with the particulars of the numbers of securities so affected, the names of the registered holders and their demat account details;
- (3) any action which shall result in the redemption, cancellation, retirement in whole or in part of any debt securities issued under SEBI ILDM Regulations;
- (4) any action that shall affect adversely payment of interest on debt securities issued under SEBI ILDM Regulations including default by issuer to pay interest or redemption amount and failure to create a charge on the assets;
- (5) any change in the form or nature of any of its debt securities issued under SEBI ILDM Regulations that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an application for listing of the securities as changed, if the stock exchange(s) so require;
- (6) any changes in the general character or nature of business / activities, disruption of operation due to natural calamity, and commencement of commercial production / commercial operations;
- (7) any events such as strikes and lock outs which have a bearing on the interest payment/ dividend payment / principal repayment capacity;
- (8) details of any letter or comments made by debenture trustees, wherever applicable regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security, listed entity and /or the assets along with its comments thereon, if any;
- (9) delay/ default in payment of interest or / principal amount / redemption for a period of more than three months from the due date;
- (10) failure to create charge on the assets within the stipulated time period;
- (11) any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for rescheduling or postponement of the repayment programmes of the dues/debts of the listed entity with any investor(s)/lender(s).

Explanation.- For this purpose, the term default means where interest and/ or principal amount has remained overdue for a

- period of more than ninety days.
- (12) any major change in composition of its Standing Committee or General Body or Board of Directors or Board of Trustee, as applicable., which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (13) any revision in the rating;
 - (14) the following approvals by Standing Committee or General Body or Board of Directors or Board of Trustee, as applicable. in their meeting:-
 - (a) the decision to pass any interest payment;
 - (b) short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debenture holders, or in any other way;
 - (15) all the information, report, notices, call letters, circulars, proceedings, etc concerning debt securities issued under SEBI ILDM Regulations;
 - (16) any other change that shall affect the rights and obligations of the holders debt securities issued under SEBI ILDM Regulations, any other information not in the public domain necessary to enable the holders of the listed securities to clarify its position and to avoid the creation of a false market in such listed securities or any other information having bearing on the operation/performance of the listed entity as well as price sensitive information.

system to the RTAs by July 15, 2017 whereby the RTAs can incorporate the details of corporate action viz. dividend/interest in rupee terms per unit of the security at the time of setting up of corporate action. Depositories shall make available such information to DPs to enable them to do necessary reporting.

- b) The reporting with respect to dividend / interest is to be done by DPs on 'entitlement' basis and not on the basis of actual payment received by the demat account holder.
 - c) If a demat account is identified as a 'reportable account' during a calendar year by the DP, the reporting under Rule 114G (1) (e) is to be done for the dividend / interest entitlements during the entire calendar year i.e. including the period of the calendar year before identification of such account as a 'reportable account' by the DP.
4. You are advised to take necessary steps to ensure compliance with the above.
 5. The Depositories are directed to bring the contents of this circular to the notice of the Depository Participants, Registrar to an Issue and transfer agents/Issuers of the securities and also disseminate the same on their websites.
 6. This Circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Rule 114G(11)(a) of the Income Tax Rules, 1962.
 7. This Circular is available on the SEBI website (www.sebi.gov.in) under the section SEBI Home > Legal Framework > Circulars.

10 Interest and Dividend information reporting in case of Custodial Accounts-Rule 114G(1)(e) of the Income Tax Rules, 1962

[Issued by the Securities And Exchange Board of India vide Circular [F. No. CIR/HO/MIRSD/MIRSD2/CIR/P/2017/59] dated 15.06.2017.]

1. This has reference to SEBI Circular No. CIR/MIRSD/2/2015 dated August 26, 2015 on implementation of the Multilateral Competent Authority Agreement and Foreign Account Tax Compliance Act.
2. In terms of Rule 114G(1)(e)(i) of Income Tax Rules, 1962 issued under Section 285BA of Income Tax Act, 1961 following information is required to be reported by reporting financial institution in the case of reportable custodial account:-
 - (i) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year;
3. In respect of the above it has been decided in consultation with Central Board of Direct Taxes, Department of Revenue, Ministry of Finance that:-
 - a) Depositories shall provide additional field in the depository

DEBASHIS BANDYOPADHYAY
General Manager

11 Non-compliance with certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations")

[Issued by the Securities And Exchange Board of India vide Circular[F. No. CIR/CFD/DIL/57/2017] dated 15.06.2017.]

1. Regulations 111A and 111B of ICDR Regulations inter alia specify liability of a listed entity or any other person for contravention and actions which can be taken by the respective stock exchange and the revocation of such actions, in the manner specified by SEBI.
2. Stock exchanges shall impose fines on the companies for non-compliance with certain provisions of ICDR Regulations as under:

Regulation	Violation	Fine
95(1)	Delay in completion of bonus issue.	₹20,000 per day of non-compliance till the date of compliance. If non-compliance continues for more than 15 days, additional fine of 0.01 % of paid up capital of the entity or ₹1 crore, whichever is less.

		Paid-up capital for this purpose shall be the paid up capital as on first day of the financial year in which the non-compliance occurs.
75	Companies not allotting the shares on conversion of convertible securities within 18 months.	Same as above.
108(2)	Issuer not approaching the exchange for listing of equity shares within 20 days from date of allotment.	Same as above.

3. The amount of fine realized as per the above structure shall be credited to the "Investor Protection Fund" of the concerned recognized stock exchange.
4. The recognized stock exchanges shall disseminate on their website the names of non-compliant listed entities that are liable to pay fine for non-compliance, the amount of fine imposed, details of fines received, etc.
5. The recognized stock exchange shall issue notice to the non-compliant listed entity to pay fine within 15 days from the date of the notice.
6. If any non-compliant listed entity fails to pay the fine, the recognized stock exchange may initiate appropriate enforcement action, including prosecution.
7. In consultation with the stock exchanges, it is further clarified with respect to bonus issue delays:
 - a) For the purpose of a bonus issue to be considered as 'implemented' under Regulation 95(1) of ICDR Regulations, the date of commencement of trading shall be considered.
 - b) The recognized stock exchange shall grant approvals to the bonus shares allotted to persons other than the promoter(s) in the interest of the investors, subject to compliance with other requirements.
 - c) The approvals for the promoters' bonus shares may be granted by the Stock Exchange after payment of the requisite fine by the company.
8. The Stock Exchanges are advised to bring the provisions of this circular to the notice of listed entities and also to disseminate the same on its website.
9. This circular is issued under regulations 111A, 111B and 112 of ICDR Regulations.
10. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework/Circulars".

PRADEEP RAMAKRISHNAN
Deputy General Manager

12 Recording of Non Disposal Undertaking (NDU) in the Depository System

[Issued by the Securities And Exchange Board of India vide Circular CIR/MRD/DP/56/2017] dated 14.06.2017.]

1. The depository system provides a transparent mechanism for recording pledge transactions entered between lenders and borrowers.
2. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, requires promoters of a company to disclose details of their encumbered shares including NDUs by promoters which are covered under the scope of disclosures of 'Encumbrances'.
3. It has been observed that some shareholders, primarily promoters, enter into non-disposal agreements/ non-disposal undertaking (NDU) for borrowing funds from various lenders. NDUs are typically undertakings given by a shareholder not to transfer or otherwise alienate the securities and are in the nature of negative lien given in favour of another party, usually a lender.
4. It is observed that currently there is no framework to capture the details of NDU in the depository system as these happen outside the depository system and are not captured and reflected in the records of the depositories. Therefore, in order to enable the shareholders to record the NDUs in the depository system, it has been decided to permit the depositories to offer a system for capturing and recording the NDUs.
5. In this regard, the depositories are advised the following:
 - 5.1. Depositories shall develop a separate module/ transaction type in their system for recording NDUs.
 - 5.2. Both parties to the NDU shall have a demat account with the same depository and be KYC compliant.
 - 5.3. Pursuant to entering the NDU, the Beneficial Owner (BO) along with the other party shall make an application through the participant (where the BO holds his securities) to the depository, for the purpose of recording the NDU transaction.
 - 5.4. The application shall necessarily include details of BO ID, PAN, email-id, signature(s), name of the entity in whose favor such NDU is entered and the quantity of securities. Such entity in whose favor NDU is entered shall also authorize the participant of the BO holding the shares, to access the signatures as recorded in that entity's demat account.
 - 5.5. The participant after being satisfied that the securities are available for NDU shall record the NDU and freeze for debit the requisite quantity of securities under NDU in the depository system. .
 - 5.6. The depositories shall make suitable provisions for capturing the details of BO ID and PAN of the entity in whose favor such NDU is entered by the participant. The depositories shall also make available to the said participant, the details of authorized signatories as recorded in the demat account of the entity in whose favor such NDU is entered.
 - 5.7. On creation of freeze in the depository system, the

depository/ participant of the BO holding shares, shall inform both parties of the NDU regarding creation of freeze under NDU.

- 5.8. The depositories shall make suitable provisions for capturing the details of company/ promoters if they are part of the NDU.
 - 5.9. In case if the participant does not create the NDU, it shall intimate the same to the parties of the NDU along with the reasons thereof.
 - 5.10. Once the freeze for debits is created under the NDU for a particular quantity of shares, the depository shall not facilitate or effect any transfer, pledge, hypothecation, lending, rematerialisation or in any manner alienate or otherwise allow dealing in the shares held under NDU till receipt of instructions from both parties for the cancellation of NDU.
 - 5.11. The entry of NDU made as per para 5.5 above may be cancelled by the depository/ participant of the BO through unfreeze of specified quantity if parties to the NDU jointly make such application to the depository through the participant of the BO.
 - 5.12. On unfreeze of shares upon termination/ cancellation of NDU, the depository shall inform both parties of the NDU in the form and manner agreed upon at the time of creating the freeze. The unfreeze shall be effected in the depository system after a cooling period of 2 clear business days but no later than 4 clear business days.
6. The freeze and unfreeze instructions executed by the Participant for recording NDUs will be subject to 100% concurrent audit.
 7. The DPs shall not facilitate or be a party to any NDU outside the depository system as outlined herein
 8. The Depositories shall implement the provisions of this circular within four months from the date of this circular.
 9. The Depositories are advised to:-
 - i. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/necessary;
 - ii. to carry out system changes if any to implement the above;
 - iii. disseminate the provisions of this circular on their website;
 - iv. communicate to SEBI, the status of implementation of the provisions of this circular in their Monthly Development Report.
 10. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 and section 19 of the Depositories Act, 1996 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

SUSANTA KUMAR DAS
Deputy General Manager

13

Comprehensive Review of Margin Trading Facility

[Issued by the Securities And Exchange Board of India vide Circular CIR/MRD/DP/54/2017] dated 13.06.2017.]

1. SEBI vide circular SEBI/MRD/SE/SU/Cir-15/04 dated March 19, 2004 had prescribed framework for permitting stock brokers to provide margin trading facility to their clients. The said framework was revised vide circular SEBI/MRD/SE/SU/ Cir-16/04 dated March 31, 2004 and circular MRD/DoP/SE/ Cir-08/2005 dated March 04, 2005.
2. Representations have been received from market participants requesting review of margin trading framework to enable greater participation. The suggestions received from market participants were examined and deliberated in the Secondary Market Advisory Committee ("SMAC"). Based on the deliberations, the revised framework for Margin Trading Facility are stated as under:

Securities Eligible for Margin Trading

3. Equity Shares that are classified as 'Group I security' as per SEBI Master circular No. SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016, shall be eligible for margin trading facility.

Margin Requirement

4. In order to avail margin trading facility, initial margin required shall be as under;

Category of Stock	Applicable margin
Group I stocks available for trading in the F & O Segment	VaR + 3 times of applicable ELM*
Group I stocks other than F&O stocks	VaR + 5 times of applicable ELM*

*For aforesaid purpose the applicable VaR and ELM shall be as in the cash segment for a particular stock.

5. The initial margin payable by the client to the Stock Broker shall be in the form of cash, cash equivalent or Group I equity shares, with appropriate hair cut as specified in SEBI Master circular no. SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016.
6. The Stock brokers shall be required to comply with the following conditions:
 - i. The stocks deposited as collateral with the stock broker for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount;
 - ii. Collateral and Funded stocks shall be marked to market on a daily basis;
 - iii. In case of increase in the value of Collaterals, stock brokers may have the option of granting further exposure to their clients subject to applicable haircuts;
 - iv. However, no such exposure shall be permitted on the increased value of Funded stocks.
7. Stock brokers shall ensure maintenance of the aforesaid margin at all times during the period that the margin trading facility is being availed by the client. In case of short fall, stock broker shall make necessary margin calls.
8. The exchange/stock broker, based on the risk assessment, shall have the discretion to impose/collect higher margin than the margin specified in para-4 above.

Liquidation of Securities by the Stock Broker in Case of Default

by the Client

9. The stock broker shall list out situations/conditions in which the securities may be liquidated and such situations/conditions shall be included in the "Rights and Obligations Document". The broker shall liquidate the securities, if the client fails to meet the margin call to comply with the conditions as mentioned in this circular or specified in the "Rights and Obligations Document" specified by exchange.
10. However, the broker shall not liquidate or use in any manner the securities of the client in any situation other than the conditions stipulated at para-9 above.
Eligibility Requirements for Stock Brokers to Provide Margin Trading Facility to Clients
11. Only corporate stock brokers with a net worth of at least Rs.3.00 crore shall be eligible to offer margin trading facility to their clients.
12. The "net worth" for the purpose of margin trading facility shall be as specified in SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992.
13. The stock brokers shall submit to the stock exchange a half-yearly certificate, as on 31st March and 30th September of each year, from an auditor confirming the net worth. Such a certificate shall be submitted not later than 30th April and 31st October of every year.
Source of Funds
14. For the purpose of providing the margin trading facility, a stock broker may use own funds or borrow funds from scheduled commercial banks and/or NBFCs regulated by RBI. A stock broker shall not be permitted to borrow funds from any other source.
15. The stock broker shall not use the funds of any client for providing the margin trading facility to another client, even if the same is authorized by the first client.
Leverage and Exposure Limits
16. At any point of time, the total indebtedness of a stock broker for the purpose of margin trading shall not exceed 5 times of its net worth, calculated as per para 12 above.
17. The maximum allowable exposure of the broker towards the margin trading facility shall be within the self imposed prudential limits and shall not, in any case, exceed the borrowed funds and 50% of his "net worth".
18. While providing the margin trading facility, the broker shall ensure that:
 - a) exposure to any single client at any point of time shall not exceed 10% of the broker's maximum allowable exposure, as specified in para 17 above.
 - b) exposure towards stocks purchased under margin trading facility and collateral kept in the form of stocks are well diversified. Stock brokers shall have appropriate Board approved policy in this regard.Disclosure Requirement
19. The stock broker shall disclose to the stock exchanges details on gross exposure towards margin trading facility including name of the client, Category of holding (Promoter/promoter group or Non-promoter), clients' Permanent Account Number ("PAN"), name of the scrips (Collateral stocks and Funded stocks) and if the stock broker has borrowed funds for the purpose of providing margin trading facility, name of the lender and amount borrowed, on or before 12 noon on the following trading day. The format for this disclosure by the stock broker to the stock exchange is enclosed at Annexure 1.
20. The stock exchanges shall disclose on their websites the scrip wise gross outstanding in margin accounts with all brokers to the market. Such disclosure regarding margin trading done on any day shall be made available after the trading hours, on the following day, through its website. The format for such disclosure by the stock exchange is enclosed at Annexure 2.
21. The stock exchanges shall put in place a suitable mechanism to capture and maintain all relevant details including member-wise, client-wise, scrip-wise information regarding outstanding positions in margin trading facility and also source of funds of the stock brokers, on the exchange both on daily as well as on cumulative basis.
Rights and Obligations for Margin Trading
22. The stock exchanges shall frame a Rights and Obligations document laying down the rights and obligations of stock brokers and clients for the purpose of margin trading facility. The Rights and Obligations document shall be mandatory and binding on the Broker/Trading Member and the clients for executing trade in the Margin Trading framework.
23. The broker/exchange may modify the Rights and Obligations document only for stipulating any additional or more stringent conditions, provided that no such modification shall have the effect of diluting any of the conditions laid down in the circular or in the Rights and Obligations document.
Maintenance of Records
24. The stock broker shall maintain separate client-wise ledgers for funds and securities of clients availing margin trading facility.
25. The stock broker shall maintain a separate record of details of the funds used and sources of funds for the purpose of margin trading.
26. The books of accounts, maintained by the broker, with respect to the margin trading facility offered by it, shall be audited on a half yearly basis. The stock broker shall submit an auditor's certificate to the exchange within one month from the date of the half year ending 31st March and 30th September of a year certifying, inter alia, the extent of compliance with the conditions of margin trading facility. This certificate is in addition to the certificate on net worth specified in para 12 above.
Other Conditions
27. A broker shall take adequate care and exercise due diligence before providing margin trading facility to any client.
28. Any disputes arising between the client and the stock broker in connection with the margin trading facility shall have the same

treatment as normal trades and should be covered under the investor grievance redressal mechanism, arbitration mechanism of the stock exchange.

29. SGF and IPF shall be available for transactions done on the exchange, whether through normal or margin trading facility. However, any losses suffered in connection with the margin trading facility availed by the client from the stock broker shall not be covered under IPF.
30. The stock brokers wishing to extend margin trading facility to their clients shall be required to obtain prior permission from the exchange where the margin trading facility is proposed to be offered. The exchange shall have right to withdraw this permission at a later date, after giving reasons for the same.
31. This circular shall supersede earlier circulars no SEBI/MRD/SE/SU/Cir-15/04 dated March 19, 2004, SEBI/MRD/SE/SU/Cir-16/04 dated March 31, 2004 and MRD/DoP/SE/Cir-08/2005 dated March 04, 2005 on Margin Trading Facility.
32. The Stock Exchanges are advised to:-
 - a. take necessary steps and put in place necessary systems for implementation of this circular.
 - b. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
 - c. bring the provisions of this circular to the notice of the member brokers of the stock exchange and also disseminate the circular on the website.
33. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

SUSANTA KUMAR DAS
Deputy General Manager

Annexure 1
Format of the Daily Reporting by the members to the Exchange on the amount financed by them under the Margin Trading Facility

Name of the member				Clearing No.		
Name of Client	Category of Holding (Promoter/Promoter Group or Non Promoter)	PAN	Name of Stock (Collateral or Funded Stock)	Stock Exchange	Qty Financed (Number of shares)	Amount Financed (In lakhs)

SI. NO.	Particulars	(Rs. in lakhs)
1	Total outstanding on the beginning of the day	
2	Add: Fresh exposure taken during the day	
3	Less: Exposure liquidated during the day	
4	Net outstanding at the end of the day	

Source of Funds

1	Out of net worth	
2	Out of borrowed funds	
3	If borrowed, name of lenders and amount borrowed to be specified separately	

Note: Disclosure is required to be made on or before 12 noon on the following trading day.

Annexure 2

Format for the dissemination of information by the stock exchange

Name of the Stock	Qty. financed by all the members (Number of shares)	Amount financed by all the members (Rs. in lakhs)

SI. NO.	Particulars	(Rs. in lakhs)
1	Scrip-wise total outstanding on the beginning of the day	
2	Add: Fresh exposure taken during the day	
3	Less: Exposure liquidated during the day	
4	Net scrip-wise outstanding at the end of the day	

Note : Disclosure is required to be made immediately before end of the following trading day (in respect of previous day's margin trading facility).

14

Options on Commodity Futures- Product Design and Risk Management Framework

[Issued by the Securities And Exchange Board of India vide Circular SEBI/HO/CDMRD/DMP/CIR/P/2017/55] dated 13.06.2017.]

1. In consultation with Commodity Derivatives Advisory Committee (CDAC), SEBI vide Circular SEBI/HO/CDMRD/DMP/CIR/P/104 dated September 28, 2016 decided that Commodity Derivatives Exchanges shall be permitted to introduce trading in options. This circular is hereby being issued to stipulate necessary guidelines with regard to the product design and risk management framework to be adopted for trading in options on commodity futures.
2. The product design and risk management framework would be in conformity with the guidelines prescribed in **Annexure 1** enclosed with this circular.
3. **Eligibility criteria for selection of underlying Commodity Futures for Options:** Options would be permitted for trading on a commodity derivatives exchange only on those commodity futures as underlying, which are traded on its platform and satisfy both the criteria specified below on the respective exchange:
 - a. The underlying 'Futures contracts' on the corresponding commodity shall be amongst the top five futures contracts in terms of total trading turnover value of previous twelve months;
 - b. The average daily turnover of underlying futures contracts of the corresponding commodity during the previous twelve months, shall be at least :
 - I. INR 200 crore for agricultural and agri-processed commodities
 - II. INR 1000 crore for other commodities.
4. It is decided that initially, on a pilot basis each exchange shall be allowed to launch options on futures of only one commodity that meets the criteria prescribed above.
5. The Commodity derivatives exchanges willing to start trading in

options contracts shall take prior approval of SEBI for launching such contracts.

6. The circular shall be effective from the date of this circular.
7. The Exchanges are advised to:
 - i. take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same,
 - ii. bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website,
 - iii. communicate to SEBI, the status of the implementation of the provisions of this circular.
8. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. This circular is available on SEBI website www.sebi.gov.in under the category “Circulars” and “Info for Commodity Derivatives”.

VIKAS SUKHWAL
Deputy General Manager

Annexure 1

A. Product Design for Options on Commodity Futures:

1. **Underlying:** Commodity futures contract (of a specified month) traded on the corresponding exchange.
2. **Settlement Method:** On exercise, option position shall devolve into underlying futures position as follows:-
 - long call position shall devolve into long position in the underlying futures contract
 - long put position shall devolve into short position in the underlying futures contract
 - short call position shall devolve into short position in the underlying futures contract
 - short put position shall devolve into long position in the underlying futures contract

All such devolved futures positions shall be opened at the strike price of the exercised options.
3. **Exercise Style:** To begin with European Style options are permitted.
4. **Minimum Strikes:** Each option expiry shall have minimum three strikes available viz., one each for In the Money (ITM), Out of the Money (OTM) and At the Money (ATM).
5. **Exercise Mechanism:**
On expiry, following mechanism shall be adopted by Exchanges for exercise of the options contracts:
 - 5.1. Option series having strike price closest to the Daily Settlement Price (DSP) of Futures shall be termed as At the Money (ATM) option series.
This ATM option series and two option series having strike prices immediately above this ATM strike and two option series having strike prices immediately below this ATM

strike shall be referred as ‘Close to the money’ (CTM) option series.

In case the DSP is exactly midway between two strike prices, then immediate two option series having strike prices just above DSP and immediate two option series having strike prices just below DSP shall be referred as ‘Close to the money’ (CTM) option series.

- 5.2. All option contracts belonging to ‘CTM’ option series shall be exercised only on ‘explicit instruction’ for exercise by the long position holders of such contracts.
- 5.3. All In the money (ITM) option contracts, except those belonging to ‘CTM’ option series, shall be exercised automatically, unless ‘contrary instruction’ has been given by long position holders of such contracts for not doing so.
- 5.4. All Out of the money (OTM) option contracts, except those belonging to ‘CTM’ option series, shall expire worthless.
- 5.5. All exercised contracts within an option series shall be assigned to short positions in that series in a fair and non-preferential manner.
6. **Trading Hours:** Trading hours shall be same as those of corresponding futures contract.
7. **Expiry Day:** Expiry day of options contracts shall be decided by Exchange based upon period of high liquidity of underlying futures contract and shall be part of option contract specifications.

8. Position Limits:

- 8.1. SEBI vide Circular [SEBI/HO/CDMRD/DMP/CIR/P/2016/96](#) dated September 27, 2016 prescribed norms for position limits for commodity futures. Position limits for options shall follow the same norms as provided in the said circular for futures.
- 8.2. Position limits of options would be separate from position limits of futures contracts and numerical value for client level/member level limits shall be twice of corresponding numbers applicable for futures contracts provided in Annexure- A of the SEBI circular dated September 27, 2016.
- 8.3. Due to separate position limits for options, there is a possibility that post exercise of options i.e. after devolvement of options into corresponding futures positions open positions for clients/members may exceed their permissible position limits for future contracts. For such clients/members Exchanges may permit maximum up to two trading days post option expiry day to reduce their futures positions to bring them within the permissible position limits.

B. Risk Management Framework:

9. Exchanges shall adopt risk management framework compliant with the CPMI-IOSCO Principles for Financial Market Infrastructures, including the following:
 - 9.1. **Margining model and quantum of initial margins:**
Exchanges shall adopt initial margin models and parameters that are risk-based and generate margin requirements sufficient to cover potential future exposure to participants/clients in the interval between the last margin collection and the close out of positions following a participant/client default. The model should
 - a) use a conservative estimate of the time horizons for close out of the positions (including in stressed market

- conditions),
- b) have an appropriate method for measuring credit exposure that accounts for relevant risk factors and portfolio effects, and
 - c) to the extent practicable and prudent, limit the need for destabilising, pro-cyclical changes.

Initial margin requirement shall be adequate to cover 99% VaR (Value at Risk) and Margin Period of Risk (MPOR) shall be at least two days. In case of portfolio based margining, this requirement applies to each portfolio's distribution of future exposure.

Accordingly, exchanges shall fix prudent price scan range, volatility scan range and/or plausible changes in any other parameters impacting options price. Exchange shall impose appropriate short option minimum margin, calendar spread charge and extreme loss margin for option contracts.

- 9.2. **Margining at client level:** Exchanges shall impose initial margins at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity.
- 9.3. **Real time computation:** Though the margining models may update various scenarios of parameter changes (underlying price, volatility etc.) at discrete time points each day (at least every two hours), the latest available scenarios shall be applied to client portfolios on a real time basis.
- 9.4. **Mark to market:** Exchanges shall mark to market the options positions by deducting/adding the current market value of options (positive for long options and negative for short options) times the number of long/short options in the portfolio from/to the margin requirement. Thus, mark to market gains and losses would not be settled in cash for options positions.
- 9.5. **Risks pertaining to options that devolve into futures on expiry:**
 - a) For handling increase in margins on expiry when options devolve into futures position, specifically for long option positions which are probable to be exercised, exchanges shall start sensitizing the option holders of the impending increase in margins (along with the estimated increase) at least few days in advance, and/or, based on their risk perception, may also consider gradually collecting increased margins during the last few days so as to have adequate margins to cover the risk of futures position that will be created on devolvement of options into futures.
 - b) As per the provisions of SEBI circular SEBI/HO/CDMRD/DRMP/CIR/P/2016/80 dated September 07, 2016, penalty is levied on members for short-collection/non-collection of the initial margins. Penalty for such short-collection/non-collection due to increase in initial margins resulting from devolvement of options into futures may not be levied by Exchanges for the first day.

CIR/CDMRD/DEICE/CIR/P/2017/53] dated 13.06.2017.]

1. SEBI, vide its circular no SEBI/HO/CDMRD/DEICE/CIR/P/2016/94 dated September 26, 2016, consolidated various norms and guidelines relating to Investor Protection Fund, issued by the erstwhile FMC, applicable to the National Commodity Derivatives Exchanges (herein after referred to as Exchanges).
2. With the objective to align with the practices in securities markets, based on the internal deliberations, discussions and feedback as received from the National Commodity Derivatives Exchanges, it has been decided to modify certain clauses in the aforesaid circular as under :

Constitution and management of the IPF

- a) Clause 3.2. shall be substituted the following –
 - 3.2. The IPF Trust of the exchange shall have maximum 5 trustees. The IPF Trust shall consist of three public interest directors, one representative from investor associations recognized by SEBI and the compliance officer of the exchange. The maximum tenure of a trustee (excluding the compliance officer of the exchange, whose trusteeship would be co-terminus with the service) shall be five years or as specified by SEBI.
- b) Clause 3.3. and 3.6. shall be deleted

Contribution to the IPF

- c) Clause 4.1. shall be substituted the following-
 - 4.1. All the penalties levied and collected by the exchange, except for the settlement related penalties (including penalties from delivery default), shall be credited of the IPF.
 - 4.2. 1% of the turnover fee charged by the exchange from its members/brokers or ten lakh whichever is higher in a financial year.

Eligibility of claims

- d) Clause 6.2. shall be substituted the following-
 - 6.2. If any eligible claim arises within three years from the date of expiry of the specified period, such claim
 - i. shall be considered eligible for compensation from IPF/CPF in case where the defaulter member's funds are inadequate. In such cases, IPF/CPF Trust shall satisfy itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.
 - ii. shall not be considered eligible for compensation from IPF/CPF in case where the surplus funds of the defaulter member is returned to the defaulter member. The same shall be borne by the exchanges after scrutinizing and satisfying itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.
Provided that any claim received after three years from the date of expiry of the specified period may be dealt with as a civil dispute.
- e) Clause 6.3. shall be deleted
- f) Clause 6.4. shall be substituted the following-
 - 6.4. The investor claim arising out of a default of a broker/member of the exchange shall be eligible for compensation from IPF.

Determination of legitimate claims

- g) Clause 7.1. and 7.2. shall be substituted as following-

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Comprehensive guidelines for Investor Protection Fund, Investor Service Fund and its related matters at National Commodity Derivatives Exchanges

[Issued by the Securities And Exchange Board of India vide Circular

7.1. In case of claims against a defaulter member, the claims of the claimant shall be placed before the defaulters' committee for sanction and ratification. The Defaulters' Committee's advice with respect to legitimate claims shall be sent to IPF Trust for disbursement of the amount.

7.2. In case the claim amount is more than the maximum limit for compensation under IPF or the amount sanctioned and ratified by the Defaulters Committee is less than the claim amount, then the investor may prefer for arbitration mechanism for claim of the balance amount.

h) Clause 7.3. shall be inserted the following-

7.3. In the event of default by the member, all transactions executed on the exchange platform shall be eligible for settlement from IPF subject to the appropriate norms laid down by the defaulters' committee. The IPF of the exchange shall be utilized for the clients of SEBI registered members. However, the said amount shall not be more than the maximum limit as prescribed at all time.

Threshold limit for claims

i) Clause 8.1 and 8.2 shall be substituted the following:

8.1. The Exchanges are free to fix suitable compensation limits, in consultation with IPF trust. However, the amount of compensation available against a single claim of an investor arising out of defaulter by a member broker shall not be less than Rs 1 lakh.

8.2. The exchanges in consultation with IPF Trust, shall review and progressively incase the amount of compensation available against a single claim from an investor at least every three year.

j) Clause 8.3 shall be deleted

Disbursement of Claims from the IPF

k) Clause 9.2. and 9.3. shall be substituted the following:

9.2. The compensation shall be disbursed to the investor from the IPF in case there is a shortage of defaulter broker's assets after its realization.

9.3. The Exchange shall ensure that the amount realized from the assets of the defaulter member is returned to the defaulter member after satisfying the claims of the exchanges and SEBI in accordance with the bye-laws of the exchange.

Provided that in case of a member broker having membership on multiple exchanges, amount realized from the assets of the defaulter member shall be returned to the said member only after satisfying eligible claims of the concerned exchange, SEBI, and other exchanges as the case may be.

Provided further that in cases where any litigations are pending against the defaulter member, the residual amount, if any, may be retained by the exchange until such litigations are concluded."

3. The IPF Trust shall disburse the compensation to the investors as and when claims have been crystallized against a defaulter member. The IPF Trust need not wait for realization of assets of the defaulter member for disbursement of the claims. Upon receipt of advice of defaulter's committee, for payment, the IPF Trust shall take necessary steps for disbursement of amount at the earliest.

4. Exchanges shall periodically review the sources of fund and

eligible compensation amount so as to recalibrate the fund to make suitable recommendation for enhancement.

Income earned on IPF and its Utilization:

5. The exchange may utilize income earned on the corpus of IPF towards promotion of investor education and awareness programmes through seminars, lectures, workshops, publications (print and electronic media), training programs etc. to enhance literacy and to promote participation in the commodity derivatives market or any other mandated purpose. Capital expenditure would be permissible only w.r.t. setting up of Investor Service Centre. However, no expenditure to be incurred on product promotion in any manner. However, in case of non-utilization of the said income in the same financial year for the mandated purpose, the same shall be ploughed back to IPF. In addition to above, the income earned on the IPF corpus may be utilized in other manner as prescribed/permitted by SEBI in the interest of investors from time to time.
6. In order to ensure effective utilization of income earned on IPF, supervision of utilization of interest on IPF will rest with the IPF Trust of the exchange.

Investor Service Fund (ISF)

7. Exchanges are mandated to set up Investor Service Fund (ISF) for providing following basis minimum facilities at various Investor Service Centers (ISC).
 - a. The ISC shall provide 4 financial newspapers with at least one in the Regional language.
 - b. The ISC shall install computer software (marketed by some vendors) which provide information about various commodities (agri and non agri) including research reports, general, financial & other important commodity related information. The information will be made available through computers with one master terminal and some dummy terminals through which investors could access this information. Other facilities like copying will be made available to the investors at minimum cost.
 - c. The ISC shall provide facilities for receiving/recording investor complaints. Special staff recruited/deployed by the exchange for this purpose will register the complaints and provide counseling service to the investors. Status of complaints will be maintained and updated in the computer system of the Center.
 - d. The ISC shall provide for other infrastructure facilities such as telephone, photocopier, furniture, sitting space, internet connection having access to various directions / circulars issued by SEBI and Government agencies etc.
 - e. The ISC shall provide published commodity related materials of exchanges for the benefit of the investors. It should also provide the pamphlets / brochures detailing the rights and obligation of investors while dealing with brokers in commodity markets, FAQ's etc.
 - f. The ISC shall provide for dummy terminals to display the prices of the commodities listed on the exchange on real-time basis, to enable investors watch the price movements of the commodities etc.
 - g. The ISC shall maintain a library on relevant laws, financial analysis, market trend analysis etc. for the education of the investors.
 - h. The ISC shall conduct various investor education and investor awareness programs through seminars, lectures,

workshops, publications (print and electronic media), training programs etc. enhance literacy and promoting participation in the commodity derivatives market.

Contribution to ISF

- a. At initial stage, the exchange shall contribute a minimum of Rs Ten Lakhs towards setting up of Investor Service Fund (ISF). Subsequently, onwards, the Exchanges shall transfer the 1% percent of the turnover fees charged by the exchange from its members on monthly basis towards ISF within 7 days of the end of the month, subject to minimum of Rs Ten Lakh in a financial year.
 - b. The Exchange shall also plough back the entire income earned on the corpus of ISF to the ISF within one month from the end of September and March of each year.
8. The exchange shall be permitted to utilize the corpus of ISF for conducting various investor education and awareness programs, capacity building programs and maintenance of all price ticker boards installed by the respective exchanges, cost of training of arbitrators etc. In addition to above, the corpus may be utilized in other manner as prescribed/permitted by SEBI in the interest of investors from time to time.
 9. In order to efficient management of ISF, Investor Service Committee (ISC) of exchange shall oversee the contribution to ISF and its utilization.
 10. Exchange shall maintain separate bank account for maintaining corpus of the IPF as well as ISF and such funds should not be co-mingled with any other fund(s) of the exchange and shall not be used for any other purpose than the mandated purposes as mentioned in this circular.
 11. The provisions of this circular shall come into effect from July 01, 2017.
 12. The exchanges are advised to:-
 - make necessary amendments to relevant bye-laws, rules and regulations for the implementation of this circular.
 - bring the provisions of this circular to the notice of the members of the exchange and also to disseminate the same on their website.
 - communicate to SEBI, the status of implementation of the provisions of this circular.
 13. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
 14. The circular is available on SEBI website at www.sebi.gov.in .
 PRASAD JAGADALE
 Deputy General Manager

16 Online Registration Mechanism for Mutual Funds

[Issued by the Securities And Exchange Board of India vide Circular

SEBI/HO/IMD/DF3/CIR/P/2017/52] dated 01.06.2017.]

1. Hon'ble Minister of Finance, Government of India, in his speech while presenting the Budget for FY 2017-18 on February 01, 2017, announced that the process of registration of financial market intermediaries will be made fully online by SEBI.
2. It has now been decided to operationalize SEBI Intermediary Portal (<https://siportal.sebi.gov.in>) for the entities to submit the mutual funds registration applications online. For registration of mutual funds the SEBI Intermediary Portal shall include online application for registration, processing of application, grant of in-principle approval, grant of final registration etc. Link for SEBI Intermediary Portal is also available on SEBI website - www.sebi.gov.in.
3. SEBI Intermediary Portal for application of registration of Mutual Funds shall be made operational from June 01, 2017. Thereafter, all applications for registration of Mutual Fund shall be made through SEBI Intermediary Portal only.
4. The applicants will be separately required to submit relevant documents viz. declarations/ undertakings required as a part of application form prescribed in relevant regulations, in physical form only for records, without impacting the online processing of applications for registration.
5. In case of any queries and clarifications with regard to the SEBI Intermediary Portal, intermediaries may contact on 022-26449364 or may write at portalhelp@sebi.gov.in.
6. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with the provision of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

RAJESH GUJJAR

Deputy General Manager

17 Disclosure Requirements for Issuance and Listing of Green Debt Securities

[Issued by the Securities And Exchange Board of India vide Circular CIR/IMD/DF/51/2017] dated 30.05.2017.]

1. SEBI (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI ILDS Regulations") , govern public issue of debt securities and listing of debt securities issued through public issue or on private placement basis, on a recognized stock exchange.
2. For public issue and listing of Green Debt Securities and listing of privately placed Green Debt Securities, in addition to the requirements as prescribed under SEBI ILDS Regulations and Circulars made thereunder, following shall be applicable:

2.1. Definition of Green Debt Securities :
 A Debt Security shall be considered as „Green□ or „Green Debt Securities□, if the funds raised through issuance of the debt securities are to be utilised for project(s) and/or asset(s) falling under any of the following broad categories:

- a. Renewable and sustainable energy including wind, solar, bioenergy, other sources of energy which use clean technology etc.
- b. Clean transportation including mass/public transportation etc.
- c. Sustainable water management including clean and/or drinking water, water recycling etc
- d. Climate change adaptation
- e. Energy efficiency including efficient and green buildings etc.
- f. Sustainable waste management including recycling, waste to energy, efficient disposal of wastage etc.
- g. Sustainable land use including sustainable forestry and agriculture, afforestation etc.
- h. Biodiversity conservation

Any other category as may be specified by Board, from time to time.

2.2. Disclosures in Offer Document/ Disclosure Document and other requirements

The issuer of a Green Debt Securities shall make following disclosures:

- a. A statement on environmental objectives of the issue of Green Debt Securities
- b. Brief details of decision-making process issuer has followed/would follow for determining the eligibility of project(s) and/or asset(s), for which the proceeds are been raised through issuance of Green Debt Securities. An indicative guideline of the details to be provided is as under:
 - i. process followed/ to be followed for determining how the project(s) and/or asset(s) fit within the eligible green projects categories as provided at para 2.1 above ;
 - ii. the criteria, making the project(s) and/or asset(s) eligible for using the Green Debt Securities proceeds; and
 - iii. environmental sustainability objectives of the proposed green investment.
- c. Issuer shall provide the details of the system/ procedures to be employed for tracking the deployment of the proceeds of the issue.
- d. Details of the project(s) and/or asset(s) or areas where the issuer, proposes to utilise the proceeds of the issue of Green Debt Securities, including towards refinancing of existing green project(s) and/or asset(s), if any.
- e. The issuer may appoint an independent third party reviewer/certifier, for reviewing /certifying the processes including project evaluation and selection criteria, project categories eligible for financing by Green Debt Securities, etc.
Such appointment is optional and is at the part of issuer, however any such appointment of reviewer/certifier shall be disclosed in the offer document.

2.3. Continuous disclosure requirements

An issuer who has listed its Green Debt Securities, alongwith compliances as under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), shall provide following disclosures along with its annual report and financial results:

- a. Following shall be provided along with the half yearly and annual financial results :

- i. Utilisation of the proceeds of the issue, as per the tracking done by the issuer using the internal process as disclosed in offer document/disclosure document. The utilisation of the proceeds shall be verified by the report of an external auditor, to verify the internal tracking method and the allocation of funds towards the project(s) and/or asset(s), from the proceeds of Green Debt Securities.
 - ii. Details of unutilized proceeds
- b. Following additional disclosures have to be provided along with annual report:
- i. List of project(s) and/or asset(s) to which proceeds of the Green Debt Securities have been allocated/ invested including a brief description of such project(s) and/or asset(s) and the amounts disbursed. However, where confidentiality agreements limit the amount of detail that can be made available about specific project(s) and/or asset(s), information shall be presented about the areas in which such project(s) and/or asset(s) fall into.
 - ii. Qualitative performance indicators and, where feasible, quantitative performance measures of the environmental impact of the project(s) and/or asset(s). If the quantitative benefits/impact cannot be ascertained, then the said fact may be appropriately disclosed along with the reasons for non-ascertainment of the benefits/impact on the environment.
 - iii. Methods and the key underlying assumptions used in preparation of the performance indicators and metrics;

2.4. Responsibilities of the issuer

An issuer of Green Debt Securities shall:

- a. maintain a decision-making process which it uses to determine the continuing eligibility of the project(s) and/or asset(s). This includes, without limitation a statement on the environmental objectives of the Green Debt Securities and a process to determine whether the project(s) and/or asset(s) meet the eligibility requirements.
 - b. ensure that all project(s) and/or asset(s) funded by the proceeds of Green Debt Securities, meet the documented objectives of Green Debt Securities.
 - c. utilise the proceeds only for the stated purpose, as disclosed in the offer document.
3. An issuer of Green Debt Securities or any agent appointed by the issuer, if follows any globally accepted standard(s) for the issuance of Green Debt Securities including measurement of the environmental impact, identification of the project(s) and/or asset(s), utilisation of proceeds, etc., shall disclose the same in the offer document/disclosure document and/or in continuous disclosures.
 4. This Circular is issued in exercise of powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992 read with Regulation 31(1) of SEBI ILDS Regulations.
 5. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and under the drop down "Corp Debt Market".

BARNALI MUKHERJEE
Chief General Manager

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NEWS FROM THE INSTITUTE



- MEMBERS ADMITTED/RESTORED
- CERTIFICATE OF PRACTICE ISSUED/CANCELLED
- LICENTIATE ICSI ADMITTED
- RELEASES AT 18TH CONFERENCE OF PRACTICING COMPANY SECRETARIES



Members Admitted

FELLOWS*

SL. NO.	NAME	MEMB NO	REGN
1	SH. PRASHANT KUMAR GUPTA	FCS - 9218	NIRC
2	SH. PANKAJ GUPTA	FCS - 9219	WIRC
3	MS. AVANI MONARCH GANDHI	FCS - 9220	WIRC
4	MS. RAJMOHAN NITHYA	FCS - 9221	SIRC
5	MRS. SHIPRA MISHRA	FCS - 9222	EIRC
6	MRS. SNEHA THARD	FCS - 9223	EIRC
7	MR. ADWAIT SUNIL KULKARNI	FCS - 9224	WIRC
8	SH. ASISH NARAYAN	FCS - 9225	WIRC
9	MRS. NEHA SETH	FCS - 9226	NIRC
10	SH. NITIN RAMCHANDRA PETHE	FCS - 9227	WIRC
11	MR. VIKASH KUMAR MISRA	FCS - 9228	NIRC
12	MS. LABDHI HASMUKHLAL SHAH	FCS - 9229	WIRC
13	MS. RUPALI NITIN ABHYANKAR	FCS - 9230	WIRC
14	SH. RAJEEV CHAWLA	FCS - 9231	NIRC
15	MRS. SHILPA GAURANG PAREKH	FCS - 9232	WIRC
16	MR. RAMAN SAPRA	FCS - 9233	NIRC
17	MRS. SMRITI MAHAJAN	FCS - 9234	NIRC
18	SH ARAVIND KUMAR MATTA	FCS - 9235	SIRC
19	SH. SANDEEP AGRAWAL	FCS - 9236	NIRC
20	MS. RINKU GUPTA	FCS - 9237	EIRC
21	SH. SUNEET SINGH GROVER	FCS - 9238	NIRC
22	MS. SHILPI AGARWALA	FCS - 9239	EIRC
23	MS. REKHA CHANDER	FCS - 9240	NIRC
24	SH. AKHAND PRATAP SINGH	FCS - 9241	NIRC
25	MS. MONIKA VERMA	FCS - 9242	NIRC
26	MS. DEEPA MAGAR	FCS - 9243	EIRC
27	MR. AMAR KUMAR NAYAK	FCS - 9244	EIRC
28	SH. RANGASAMY GHUNASHEKARAN	FCS - 9245	SIRC
29	MS. SHWETA VASANT MORE	FCS - 9246	WIRC
30	MRS. SHIKHA SARAF	FCS - 9247	EIRC
31	SH. DARAYUS PARVEZ BAJAN	FCS - 9248	WIRC
32	SH. PREMASIS BHAUMIK	FCS - 9249	EIRC
33	MR. SURYA KANT GUPTA	FCS - 9250	NIRC
34	MS. NIDHI HITESH VASWANI	FCS - 9251	WIRC
35	MR. VISHANT KUMAR JAIN	FCS - 9252	NIRC
36	MRS. MONIKA GAURAV GUPTA	FCS - 9253	WIRC
37	MS. MANJU LAUR	FCS - 9254	NIRC
38	MR. CHIKBALAPURAM NAGENDER KRANTHI KUMAR	FCS - 9255	SIRC
39	SH. TARUN KUMAR	FCS - 9256	NIRC
40	SH. YOGESH KHAKRE	FCS - 9257	WIRC

*ADMITTED DURING THE PERIOD FROM 20.05.2017 TO 19.06.2017

41 MS. MEENAKSHI GUPTA FCS - 9258 NIRC

ASSOCIATES*

SL. NO	NAME	MEMB NO	REGN
1	MS. ANKITA DAS	ACS - 51317	EIRC
2	MS. ANISHA JHUNJHUNWALA	ACS - 51318	EIRC
3	MS. SHIVANI PALIWAL	ACS - 51319	NIRC
4	MS. KRITI BAREJA	ACS - 51320	NIRC
5	MR. PRAYAS HURRIA	ACS - 51321	NIRC
6	MR. GAURAV AGRAWAL	ACS - 51322	NIRC
7	MS. ROMITA SONI	ACS - 51323	NIRC
8	MR. HIMANSHU VERMA	ACS - 51324	NIRC
9	MR. ONKAR JOHAR	ACS - 51325	NIRC
10	MS. SHALINI SINGH	ACS - 51326	NIRC
11	MS. SWATI CHHABRA	ACS - 51327	NIRC
12	MR. DHIRAJ KHAIRIWAL	ACS - 51328	NIRC
13	MS. SONAM GUPTA	ACS - 51329	NIRC
14	MS. MRINALINI ARORA	ACS - 51330	NIRC
15	MS. NEHA RANI	ACS - 51331	NIRC
16	MS. RANJANA	ACS - 51332	NIRC
17	MS. ANUPAMA JHA	ACS - 51333	NIRC
18	MS. SHALINI B	ACS - 51334	SIRC
19	MS. KRUPABEN KAMLESHBHAI SHAH	ACS - 51335	WIRC
20	MS. KHUSHBU SAURABH JOSHI	ACS - 51336	WIRC
21	MS. TANVI ROHAN SHAH	ACS - 51337	WIRC
22	MS. POONAM SHARMA	ACS - 51338	WIRC
23	MR. DHARMENDRA JAGDISHBHAI MAKWANA	ACS - 51339	WIRC
24	MR. ASHISH VIVEKANAND MISHRA	ACS - 51340	WIRC
25	MR. SANJAYKUMAR RADHESHYAM VISHWAKARMA	ACS - 51341	WIRC
26	MR. SANTOSH KUMAR OJHA	ACS - 51342	NIRC
27	MS. SAMPADA SACHIN SAWANT	ACS - 51343	WIRC
28	MR. R VENKATESH	ACS - 51344	SIRC
29	MR. SUMIT AJMERA	ACS - 51345	EIRC
30	MR. SHASHANK SHANU	ACS - 51346	NIRC
31	MS. SHALU VARSHNEY	ACS - 51347	EIRC
32	MR. GURMIT SINGH	ACS - 51348	NIRC
33	MS. SHIVANI SINGLA	ACS - 51349	NIRC
34	MR. SAURABH KACKER	ACS - 51350	NIRC
35	MS. PRERNA SHARMA	ACS - 51351	EIRC
36	MR. PAWAN BISANI	ACS - 51352	WIRC
37	MS. HIMALI DILIP MEHTA	ACS - 51353	WIRC
38	MR. PATEL BRIJESHKUMAR SATISHBHAI	ACS - 51354	WIRC
39	MS. SHRINALI MUKESHBHAI PATEL	ACS - 51355	WIRC
40	MR. PARITHOSH RAI	ACS - 51356	WIRC
41	MR. HIMANSHU S K GUPTA	ACS - 51357	WIRC
42	MS. SRASHTI JAIN	ACS - 51358	WIRC
43	MS. BHAGVANI NISHABEN TOLARAM	ACS - 51359	WIRC
44	MS. AYESHA DHANESH JAIN	ACS - 51360	WIRC
45	MS. SHALINI SUDIP BOSE	ACS - 51361	WIRC
46	MS. BARKHA ADLAKHA	ACS - 51362	NIRC
47	MR. AMITKUMAR DILIPKUMAR MEHTA	ACS - 51363	WIRC
48	MS. SANTOSH SHARMA	ACS - 51364	NIRC
49	MS. NEHA NAGNATH MULE	ACS - 51365	WIRC
50	MR. BHAVESH RAMCHAND THADANI	ACS - 51366	WIRC

*ADMITTED DURING THE PERIOD FROM 20.05.2017 TO 19.06.2017

51	MS. SHIKHA SINGH	ACS - 51367	WIRC	105	MR. SAURABH BHASKAR	ACS - 51421	WIRC
52	MS. ASHITA BANTHIYA	ACS - 51368	EIRC	106	MS. MAYURI BIPINBHAI RUPARELIYA	ACS - 51422	WIRC
53	MS. SHEIKHA	ACS - 51369	EIRC	107	MS. DENISE JANICE PEREIRA	ACS - 51423	WIRC
54	MS. SHILPA GUPTA	ACS - 51370	EIRC	108	MR. ANIS THAER ALI ATTAR	ACS - 51424	WIRC
55	MS. NIDHI DAMANI	ACS - 51371	EIRC	109	MS. POOJA MAHESH GOHIL	ACS - 51425	WIRC
56	MS. DEEPTI VAID	ACS - 51372	NIRC	110	MS. GUNJAN GUPTA	ACS - 51426	NIRC
57	MR. AVNEET SINGH	ACS - 51373	NIRC	111	MS. MAMTA SHARMA	ACS - 51427	NIRC
58	MS. AKANSHA AGARWAL	ACS - 51374	NIRC	112	MS. DEEPIKA BABBAR	ACS - 51428	NIRC
59	MS. JYOTI RANAWAT	ACS - 51375	NIRC	113	MS. SHIKHA SINGH	ACS - 51429	NIRC
60	MS. SWATI JAIN	ACS - 51376	NIRC	114	MS. NIDHI JAIN	ACS - 51430	NIRC
61	MS. CHETNA BANSAL	ACS - 51377	NIRC	115	MS. VARSHA KEJRIWAL	ACS - 51431	NIRC
62	MS. CHARIKA TANDON	ACS - 51378	NIRC	116	MS. DIVYA GUPTA	ACS - 51432	NIRC
63	MR. ARPIT AIRUN	ACS - 51379	NIRC	117	MR. RAVI GUPTA	ACS - 51433	NIRC
64	MS. ADITI SHARMA	ACS - 51380	NIRC	118	MS. JYOTSNA SHARMA	ACS - 51434	NIRC
65	MR. NIRAJ TRIPATHI	ACS - 51381	NIRC	119	MS. NIKITA PARASKUMAR MATA	ACS - 51435	WIRC
66	MS. LUNIKA LAMBA	ACS - 51382	NIRC	120	MR. SUMIT JAYANT KUMAR MEHTA	ACS - 51436	WIRC
67	MS. ANU BANSAL	ACS - 51383	NIRC	121	MR. ANUJ KIRANBHAI PATEL	ACS - 51437	WIRC
68	MR. ARUN KUMAR KOTHARI	ACS - 51384	WIRC	122	MS. DIVYA OMPRAKASH NAI	ACS - 51438	WIRC
69	MR. NISHANT TANWAR	ACS - 51385	NIRC	123	MR. AKHIL GUPTA	ACS - 51439	NIRC
70	MS. KIRTI ARORA	ACS - 51386	NIRC	124	MR. PRASHANT SHARMA	ACS - 51440	NIRC
71	MS. SAUMYA GUPTA	ACS - 51387	NIRC	125	MS. SONU AGARWAL	ACS - 51441	NIRC
72	MS. KOMAL GOYAL	ACS - 51388	NIRC	126	MS. CHHAVI DIXIT	ACS - 51442	NIRC
73	MS. BHAVYASHREE JAIN	ACS - 51389	NIRC	127	MS. RENUKA KESWANI	ACS - 51443	NIRC
74	MS. SHIKHA GULERIA	ACS - 51390	WIRC	128	MS. BARKHA JAIN	ACS - 51444	NIRC
75	MS. SEEMA GOEL	ACS - 51391	NIRC	129	MS. RUCHIKA ASHOK KONDE	ACS - 51445	WIRC
76	MR. YOGENDRA YADAV	ACS - 51392	NIRC	130	MR. PRITESH KISHORE JHAVERI	ACS - 51446	WIRC
77	MR. UMANG AGRAWAL	ACS - 51393	NIRC	131	MS. VAIDEHI DHARMENDRA SINH CHUDASAMA	ACS - 51447	WIRC
78	MR. RAHUL GUPTA	ACS - 51394	NIRC	132	MS. FATEMA AAMIR FATEHI	ACS - 51448	WIRC
79	MS. PRAGYAN SHREE	ACS - 51395	NIRC	133	MR. GOUTAM MONDAL	ACS - 51449	EIRC
80	MS. SHEENAM MANOCHA	ACS - 51396	NIRC	134	MR. GOPESH SHARMA	ACS - 51450	WIRC
81	MR. KAPIL YADAV	ACS - 51397	NIRC	135	MR. D SURESH	ACS - 51451	SIRC
82	MS. NAVNEET	ACS - 51398	NIRC	136	MS. ROHINI JANARDAN PIMPLE	ACS - 51452	WIRC
83	MS. RINKI ARORA	ACS - 51399	NIRC	137	MR. ALOYSIUS SAVIO DIAS	ACS - 51453	WIRC
84	MS. RATNA TIWARI	ACS - 51400	NIRC	138	MR. VEDANT MITTAL	ACS - 51454	NIRC
85	MR. SUSHIL KUMAR MAURYA	ACS - 51401	NIRC	139	MS. KIRANDEEP KAUR	ACS - 51455	NIRC
86	MS. ROSY KANAUJIA	ACS - 51402	NIRC	140	MS. ANUSHREE KHUNTETA	ACS - 51456	NIRC
87	MS. NIKITA SHUKLA	ACS - 51403	NIRC	141	MS. VEENA VISHAL PATIL	ACS - 51457	WIRC
88	MS. SHAIKALI GOYAL	ACS - 51404	NIRC	142	MR. SIVAIAH PALLA	ACS - 51458	SIRC
89	MR. PREM PRASAD B	ACS - 51405	SIRC	143	MS. CHANDNI VIKRAM SHAH	ACS - 51459	WIRC
90	MR. SREENU T	ACS - 51406	SIRC	144	MR. ABDUL SAMEE SHABBIR CHHAPRA	ACS - 51460	WIRC
91	MR. JEEVA S PULICKAN	ACS - 51407	SIRC	145	MS. KHUSHBOO BOTHRA	ACS - 51461	EIRC
92	MR. ANKIT VIJAY AGRAWAL	ACS - 51408	WIRC	146	MR. PANKAJ KUMAR SHARMA	ACS - 51462	NIRC
93	MR. DHAKAN HEMANG BHAGWANDAS	ACS - 51409	WIRC	147	MS. RUMA	ACS - 51463	NIRC
94	MR. PRAKASH DAULAT GUNA	ACS - 51410	WIRC	148	MR. ARPIT GANGWANI	ACS - 51464	NIRC
95	MR. KALPESH VISHWANATH HARIYAN	ACS - 51411	WIRC	149	MS. NEHA DILIP SHAH	ACS - 51465	WIRC
96	MS. KALYANI RAJENDRA VAZE	ACS - 51412	WIRC	150	MS. SHARMA NIKITA NARESHBHAI	ACS - 51466	WIRC
97	MS. KIRAN MANOJKUMAR SHARMA	ACS - 51413	WIRC	151	MR. ISHAN KIRANBHAI FICHADIA	ACS - 51467	WIRC
98	MR. SANKET WAMAN LONDHE	ACS - 51414	WIRC	152	MS. SUNITHA DEVI KORLAPATI	ACS - 51468	SIRC
99	MR. KAUSTUBH SHRINIVAS RAHALKAR	ACS - 51415	WIRC	153	MS. S SUDHA	ACS - 51469	SIRC
100	MS. SWATI DULICHAND KESHREE	ACS - 51416	WIRC	154	MS. POOJA TOMAR	ACS - 51470	NIRC
101	MR. DEVANSH CHETAN SARVAIYA	ACS - 51417	WIRC	155	MR. MANISH KUMAR PANDEY	ACS - 51471	SIRC
102	MS. KASHMI PRAVIN SAKARIA	ACS - 51418	WIRC	156	MS. POOJA SINHA ROY	ACS - 51472	EIRC
103	MR. NASIR KHAN	ACS - 51419	WIRC	157	MR. DIPAK KUMAR JAIN	ACS - 51473	EIRC
104	MR. GANGANI BHARAT KUMAR BECHARBHAI	ACS - 51420	WIRC	158	MS. NEHA	ACS - 51474	EIRC
				159	MR. NITIN GUPTA	ACS - 51475	EIRC

160	MR. HARSABARDHAN BHARGABINANDAN PRAHARAJ	ACS - 51476	EIRC	215	MS. AMRUTHA BHASKAR	ACS - 51531	SIRC
161	MR. KAPILESH PURI	ACS - 51477	EIRC	216	MR. RUPANI DHAVAL VIRAL	ACS - 51532	WIRC
162	MS. JYOTI MALL	ACS - 51478	EIRC	217	MR. HARDIK JAYANTILAL VADGAMA	ACS - 51533	WIRC
163	MR. TAPAS TIRTHA	ACS - 51479	EIRC	218	MR. ANKUSH UTTAMRAO PATIL	ACS - 51534	WIRC
164	MS. SONAM PATWARI	ACS - 51480	EIRC	219	MS. KIRTI ARVIND BAVISKAR	ACS - 51535	WIRC
165	MR. VINEET JAIN	ACS - 51481	EIRC	220	MR. NIKHIL DEOKI NANDAN JAJODIA	ACS - 51536	WIRC
166	MR. MOHIT PATEL	ACS - 51482	EIRC	221	MS. PURNIMA VINOD TRIPATHI	ACS - 51537	WIRC
167	MS. PARAMITA PAUL	ACS - 51483	EIRC	222	MR. VAIBHAV VILAS DANDAWATE	ACS - 51538	WIRC
168	MS. MAHIMA	ACS - 51484	NIRC	223	MS. HIRAL MADHUSUDAN ASHAR	ACS - 51539	WIRC
169	MR. AMIT GUGNANI	ACS - 51485	NIRC	224	MS. DIMPLE SUNIL GANDHI	ACS - 51540	WIRC
170	MS. ANKITA DHABHAI	ACS - 51486	NIRC	225	MS. NIKITA PAWAN AGRAWAL	ACS - 51541	WIRC
171	MS. JASPREET KAUR	ACS - 51487	NIRC	226	MS. HARSHITA BUTTAN	ACS - 51542	SIRC
172	MS. BHAGYASHREE GOYAL	ACS - 51488	NIRC	227	MS. LEKHA RAVINDRA MAHAJAN	ACS - 51543	WIRC
173	MR. SOMESH MAHAJAN	ACS - 51489	NIRC	228	MS. SAYLI PRAVIN DANGE	ACS - 51544	WIRC
174	MR. SUSHEEL THAKUR	ACS - 51490	NIRC	229	MS. PALLAVI RAJKUMAR SHAMBHUWANI	ACS - 51545	WIRC
175	MS. SWATI SONI	ACS - 51491	NIRC	230	MR. HRISHIKESH DEEPAK YADAV	ACS - 51546	WIRC
176	MR. KARAN VASWANI	ACS - 51492	NIRC	231	MS. PARI BHARAT VAYA	ACS - 51547	WIRC
177	MR. MANISH	ACS - 51493	NIRC	232	MR. AJINKYA ANUP DHARANGAONKAR	ACS - 51548	WIRC
178	MS. NEHA CHOPRA	ACS - 51494	NIRC	233	MS. KAMINI PARSOTTAMBHAI PATEL	ACS - 51549	WIRC
179	MR. PRABHASH PARASHAR	ACS - 51495	NIRC	234	MS. SURBHI AGRAWAL	ACS - 51550	WIRC
180	MS. PRATIKSHA JAIN	ACS - 51496	NIRC	235	MR. VIJAYKUMAR DIPAKKUMAR THAKKAR	ACS - 51551	WIRC
181	MS. ANJEETA CHAORASIA	ACS - 51497	NIRC	236	MS. KALPITA DAMODAR POOJARY	ACS - 51552	WIRC
182	MR. RAJESH KUMAR YADAV	ACS - 51498	NIRC	237	MR. DHARAN ANUP GUDHKA	ACS - 51553	WIRC
183	MR. VIJAY KUMAR THAKUR	ACS - 51499	EIRC	238	MR. MITUL SURESHBHA BHALANI	ACS - 51554	WIRC
184	MS. DIVYA GOEL	ACS - 51500	NIRC	239	MR. BHUMIT MAHENDRA DHAROD	ACS - 51555	WIRC
185	MR. SUNIL SHARMA	ACS - 51501	NIRC	240	MS. PRIYA SANJAY MAHESHWARI	ACS - 51556	WIRC
186	MR. TEJAS PATEL	ACS - 51502	WIRC	241	MS. NOORİYAH KARIMI	ACS - 51557	WIRC
187	MR. GAURAV KUMAR	ACS - 51503	NIRC	242	MS. SAYALI SUBHASH DEHERKAR	ACS - 51558	WIRC
188	MS. AAKANKSHA JAIN	ACS - 51504	NIRC	243	MS. MEENAL SURESH BARHATE	ACS - 51559	WIRC
189	MR. SOURABH BAPNA	ACS - 51505	NIRC	244	MS. SONALI CHETAN GOR	ACS - 51560	WIRC
190	MR. JAI PRAKASH	ACS - 51506	NIRC	245	MS. SAPNA ANIL KUMAR BHAGCHANDANI	ACS - 51561	WIRC
191	MS. SWATI SHEKHAWAT	ACS - 51507	NIRC	246	MS. KOMAL RAJESH SHARMA	ACS - 51562	WIRC
192	MS. PRATIKA TAMBOLI	ACS - 51508	NIRC	247	MS. PRANJALI DIXIT	ACS - 51563	WIRC
193	MS. VANI BANSAL	ACS - 51509	NIRC	248	MR. DEEPESH VIRESHWAR SINGH	ACS - 51564	WIRC
194	MS. POONAM TEWANI	ACS - 51510	NIRC	249	MR. TAHA ZOHAR MATKAWALA	ACS - 51565	WIRC
195	MS. AYUSHI JAIN	ACS - 51511	NIRC	250	MS. KRUPA ATUL GANDHI	ACS - 51566	WIRC
196	MS. RASHIKA KHANDAL	ACS - 51512	NIRC	251	MR. J K CHAKRAVARTHY	ACS - 51567	SIRC
197	MS. BHAGYASHRI BALODIYA	ACS - 51513	NIRC	252	MR. RABI RANJAN ROUT	ACS - 51568	EIRC
198	MR. RAHUL TANWAR	ACS - 51514	NIRC	253	MR. PRADEEP KUMAR SHARDA	ACS - 51569	WIRC
199	MS. JYOTI	ACS - 51515	NIRC	254	MS. S HEMALATHA	ACS - 51570	SIRC
200	MS. RINKI RANI	ACS - 51516	NIRC	255	MR. ANIKET ARUN KOKANE	ACS - 51571	WIRC
201	MS. AASTHA DUGGAL	ACS - 51517	NIRC	256	MS. ANVESHA DALMIA	ACS - 51572	NIRC
202	MR. LOKENDER SINGH SHEKHAWAT	ACS - 51518	NIRC	257	MR. HEMANT RAJAWAT	ACS - 51573	NIRC
203	MS. ALPANA JAIN	ACS - 51519	NIRC	258	MS. GARIMA PALIWAL	ACS - 51574	NIRC
204	MR. MANAN KHADRIA	ACS - 51520	NIRC	259	MS. BIMALPREET KAUR	ACS - 51575	NIRC
205	MR. LOKESH KUMAR	ACS - 51521	NIRC	260	MS. AGARWAL NIKITA RAJENDRA	ACS - 51576	WIRC
206	MS. RIDDHI KHATRI	ACS - 51522	NIRC	261	MS. SHEETAL RAMKISHAN MUNDHRA	ACS - 51577	WIRC
207	MS. PAYAL AGARWAL	ACS - 51523	NIRC	262	MS. NEHA JALAN	ACS - 51578	EIRC
208	MR. ABHISHEK MISRA	ACS - 51524	NIRC	263	MS. M NITHYA	ACS - 51579	SIRC
209	MS. SHALINI CHHONKAR	ACS - 51525	NIRC	264	MR. LALITH GUPTA	ACS - 51580	EIRC
210	MS. UMA GAYATHRI VENKATA VEMPATA	ACS - 51526	SIRC	265	MR. ALOK KUMAR	ACS - 51581	NIRC
211	MS. V SANTHIYA	ACS - 51527	SIRC	266	MR. VISHAL MALHOTRA	ACS - 51582	EIRC
212	MS. SHRUTI BHIDE	ACS - 51528	SIRC	267	MR. MUKUND KUMAR JHA	ACS - 51583	EIRC
213	MS. PRIYANKA S PAWAR	ACS - 51529	SIRC	268	MR. HARSHAL KUMAR AGARWAL	ACS - 51584	NIRC
214	MR. ANUP ASHOK MALASHETTI	ACS - 51530	SIRC	269	MR. RAVIT KYAL	ACS - 51585	EIRC

270	MR. MOHIT KHANNA	ACS - 51586	EIRC	325	MS. CHAURASIA ARTI AYODHYA PRASAD	ACS - 51641	WIRC
271	MS. KUSUM MASKARA	ACS - 51587	EIRC	326	MS. ANUSHREE JAIN	ACS - 51642	NIRC
272	MR. RAJAT ARORA	ACS - 51588	EIRC	327	MS. JYOTI JHA	ACS - 51643	EIRC
273	MS. GUDDY MISHRA	ACS - 51589	EIRC	328	MR. RAGHAV GARG	ACS - 51644	EIRC
274	MR. MOHIT ARORA	ACS - 51590	EIRC	329	MR. VAIBHAV GUPTA	ACS - 51645	NIRC
275	MS. SHALINI SAHANI	ACS - 51591	EIRC	330	MS. SHEFALI DUA	ACS - 51646	NIRC
276	MR. VIKKY KUMAR JHA	ACS - 51592	EIRC	331	MR. DIWAKAR AGRAWAL	ACS - 51647	NIRC
277	MS. SRISHTI SUREKA	ACS - 51593	EIRC	332	MS. AKARSHI JAIN	ACS - 51648	NIRC
278	MS. NIKITA GOEL	ACS - 51594	EIRC	333	MS. NISHA SINGHANIA	ACS - 51649	NIRC
279	MS. DIMPLE CHAUHAN	ACS - 51595	EIRC	334	MS. MANSI BAJAJ	ACS - 51650	NIRC
280	MR. SAURABH SHUBHAM	ACS - 51596	NIRC	335	MS. DIKSHA SONI	ACS - 51651	NIRC
281	MR. VAIBHAV GULIANI	ACS - 51597	NIRC	336	MR. CHAVA SAIKRISHNA	ACS - 51652	SIRC
282	MR. SUNIT SHARMA	ACS - 51598	NIRC	337	MS. ANISHA SUNIL ATTAL	ACS - 51653	WIRC
283	MS. SANDHYA RAWTANI	ACS - 51599	NIRC	338	MS. MADHU BABULAL MAHESHWARI	ACS - 51654	WIRC
284	MR. PUJAN PUNYANI	ACS - 51600	NIRC	339	MS. POOJA JITENDRA VAKHARIA	ACS - 51655	WIRC
285	MR. VINEET BACHHAWAT	ACS - 51601	NIRC	340	MR. SIDDHARTH KUMAR	ACS - 51656	WIRC
286	MR. ABHIJEET VERMA	ACS - 51602	NIRC	341	MS. KALPANA UDAI KUMARI	ACS - 51657	WIRC
287	MS. CHETNA SHOOR	ACS - 51603	NIRC	342	MS. NIKITA VIJAY SALPE	ACS - 51658	WIRC
288	MS. PALLAVI SRIVASTAVA	ACS - 51604	NIRC	343	MS. NEETU THAWARDAS LALWANI	ACS - 51659	WIRC
289	MS. JOITY PANT	ACS - 51605	NIRC	344	MS. POOJA VERMA	ACS - 51660	WIRC
290	MS. SAMEEKSHA SHARMA	ACS - 51606	NIRC	345	MR. ISHAN MILIND PADHYE	ACS - 51661	WIRC
291	MR. JEET KUMAR	ACS - 51607	NIRC	346	MR. PRANAV SHRIPAD PATHAK	ACS - 51662	WIRC
292	MS. GUNJA GARG	ACS - 51608	NIRC	347	MS. AVANI KARAN SINGH CHAUDAHRI	ACS - 51663	WIRC
293	MR. PUSHPENDRA SINGH	ACS - 51609	NIRC	348	MR. RAVI PRAKASH	ACS - 51664	EIRC
294	MR. RAJAT RAJA KOTHARI	ACS - 51610	NIRC	349	MS. ARANITA BASU	ACS - 51665	EIRC
295	MR. PRAVEEN KUMAR	ACS - 51611	NIRC	350	MS. ANUSRITA DAWN	ACS - 51666	EIRC
296	MS. SIDDHI BIRANI	ACS - 51612	NIRC	351	MR. GOURAV KUMAR AGARWAL	ACS - 51667	EIRC
297	MR. AJAY SHARMA	ACS - 51613	NIRC	352	MS. ROOPAL TOSHNIWAL	ACS - 51668	EIRC
298	MS. SUGANDHA GOYAL	ACS - 51614	NIRC	353	MS. MINU AGARWAL	ACS - 51669	EIRC
299	MS. PARUL CHAWLA	ACS - 51615	NIRC	354	MS. POOJA SAGAR TIWARI	ACS - 51670	WIRC
300	MS. DEEPALI TOTAWAT	ACS - 51616	NIRC	355	MR. ARPIT JAIN	ACS - 51671	NIRC
301	MS. KAJAL GUPTA	ACS - 51617	NIRC	356	MS. MEGHA BAHEL	ACS - 51672	NIRC
302	MR. PUNEET BAJAJ	ACS - 51618	NIRC	357	MR. TARUN PRABHAT VARSHNEYA	ACS - 51673	NIRC
303	MR. RUPESH LOHIYA	ACS - 51619	NIRC	358	MR. AJAY KUMAR CHOUDHARY	ACS - 51674	NIRC
304	MR. HARRY VERMA	ACS - 51620	NIRC	359	MR. HEMANT KUMAR MANGAL	ACS - 51675	NIRC
305	MR. JITENDRA KUMAR RATHI	ACS - 51621	NIRC	360	MS. DIKSHA GARG	ACS - 51676	NIRC
306	MS. JAYA SHARMA	ACS - 51622	NIRC	361	MS. PURVA JAIN	ACS - 51677	NIRC
307	MR. ANUJ VAID	ACS - 51623	NIRC	362	MR. VISHAL ARORA	ACS - 51678	NIRC
308	MS. RUCHIKA CHANDAK	ACS - 51624	NIRC	363	MS. SUMAN GUPTA	ACS - 51679	NIRC
309	MS. LAKSHAMAMANNI	ACS - 51625	SIRC	364	MR. PUSHPAK HARSH	ACS - 51680	NIRC
310	MR. CHIRAG K	ACS - 51626	SIRC	365	MR. SHOBHIT SHARMA	ACS - 51681	NIRC
311	MS. RADHIKA MAHESHWARI	ACS - 51627	SIRC	366	MS. RITU SHARMA	ACS - 51682	NIRC
312	MS. PARVANI RADHIKA JAGDISHKUMAR	ACS - 51628	WIRC	367	MR. SACHIN KESHARWANI	ACS - 51683	NIRC
313	MS. SNEHA SHRIDAYAL SONI	ACS - 51629	WIRC	368	MR. VAIBHAV VIJH	ACS - 51684	NIRC
314	MR. GOVIND MUKUND MANE	ACS - 51630	WIRC	369	MS. SUPREENA TAGRA	ACS - 51685	NIRC
315	MS. SHREYA MUKUND PATHAK	ACS - 51631	WIRC	370	MS. MEGHNA GOVIL	ACS - 51686	NIRC
316	MR. ROSHAN GULABRAO KALMEGH	ACS - 51632	WIRC	371	MS. MONIKA TANK	ACS - 51687	NIRC
317	MR. AJINKYA PRADEEP NAMJOSHI	ACS - 51633	WIRC	372	MR. BHARAT	ACS - 51688	NIRC
318	MS. SAMINA BEE	ACS - 51634	WIRC	373	MS. SAMLY AGRAWAL	ACS - 51689	NIRC
319	MS. RADHIKA PATKAR	ACS - 51635	WIRC	374	MR. ROHIT KUMAR BANSAL	ACS - 51690	NIRC
320	MR. MOIZ ALI	ACS - 51636	WIRC	375	MS. SALONI KHANNA	ACS - 51691	NIRC
321	MR. RAMRAJ SINGH THAKUR	ACS - 51637	WIRC	376	MS. RACHAITA MADAN RAIKAR	ACS - 51692	SIRC
322	MS. DAVE KRUPA KIRANKUMAR	ACS - 51638	WIRC	377	MS. KAVERI AGARWAL	ACS - 51693	SIRC
323	MR. S SUNDARA RAJAN	ACS - 51639	SIRC	378	MR. RAGHAVENDRA SHIVANAND VERNEKAR	ACS - 51694	SIRC
324	MR. SUBRATA BHATTACHARJEE	ACS - 51640	EIRC	379	MS. SANTOSH DHANDHANIA	ACS - 51695	SIRC

380	MR. DEEP MAHENDRA SHAH	ACS - 51696	WIRC	435	MR. AVINASH KUMAR SAINI	ACS - 51751	NIRC		
381	MR. ANURAG DINESH SHARMA	ACS - 51697	WIRC	436	MS. SAROJ SIDH	ACS - 51752	NIRC		
382	MS. SHRUTI NARENDRA AGARWAL	ACS - 51698	WIRC	437	MS. PRAGATI SHARMA	ACS - 51753	NIRC		
383	HEMANT KARLEKAR	ACS - 51699	WIRC	438	MS. HONEYDEEP KAUR	ACS - 51754	NIRC		
384	MS. KRITHIKA RAGHU	ACS - 51700	WIRC	439	MS. GEET LAKHOTIA	ACS - 51755	NIRC		
385	MS. ANUSHREE JAIN	ACS - 51701	WIRC	440	MR. NAGAMALLA SRICHARAN	ACS - 51756	SIRC		
386	MS. AARTI NANJIBHAI PARMAR	ACS - 51702	WIRC	441	MS. ANKITA RAMESH GOKANI	ACS - 51757	WIRC		
387	MR. HEMANT KISAN AUTI	ACS - 51703	WIRC	442	MR. SANKET BHUPENDRABHAI TRIVEDI	ACS - 51758	WIRC		
388	MR. SHRIKANT TANAJI CHAVAN	ACS - 51704	WIRC	443	MR. MIHIR HITESH PATEL	ACS - 51759	WIRC		
389	MR. PALASH JAIN	ACS - 51705	WIRC	444	MS. DEEPIKA UMESH AGRAWAL	ACS - 51760	WIRC		
390	MS. DEEPIKA DEVJIOBHAI PATEL	ACS - 51706	WIRC	445	MS. RADHIKA DHOOLSHANKAR SHRIMALI	ACS - 51761	WIRC		
391	MS. ZILL PANKAJ SHAH	ACS - 51707	WIRC	446	MS. NIKITA DAVE	ACS - 51762	WIRC		
392	MS. KOMAL RAJESH JAIN	ACS - 51708	WIRC	447	MR. KAPIL GOPLANI	ACS - 51763	WIRC		
393	MS. CHETALI CHANDRAPRAKASH JAIN	ACS - 51709	WIRC	448	MS. JYOTI RAVINDRA MULEY	ACS - 51764	WIRC		
394	MS. RITIKA AGRAWAL	ACS - 51710	WIRC	449	MR. PRAVEEN KUMAR P	ACS - 51765	SIRC		
395	MS. VIDULA VIJAY KULKARNI	ACS - 51711	WIRC	RESTORED*					
396	MR. RAHUL KUMAR JAIN	ACS - 51712	WIRC	SL. NO.	A/F	MEM. NO.	MEM. NAME	PLACE	
397	MS. MANISHA SHARMA	ACS - 51713	EIRC	1	A	42316	SAKSHI JAIN	NIRC	
398	MS. SWEETY SINGH	ACS - 51714	EIRC	2	A	28595	RAJESH CHOUDHARY	NIRC	
399	MR. ANKIT TYAGI	ACS - 51715	NIRC	3	A	23007	SOUMITH KUMAR SIKINDERPURKAR	SIRC	
400	MS. PUSHPA	ACS - 51716	NIRC	4	A	30053	RATNESH KUMAR PANDEY	SIRC	
401	MS. SURBHI	ACS - 51717	NIRC	5	A	17737	RAKESH PODDAR	WIRC	
402	MS. NEHA CHATURVEDI	ACS - 51718	WIRC	6	F	4516	SARABJIT SINGH	NIRC	
403	MR. SUNIL SHARMA	ACS - 51719	WIRC	7	A	32274	RUPANSHI DUBEY	NIRC	
404	MS. PRIYANKA SHARMA	ACS - 51720	NIRC	8	A	40245	SARITA CHAURASIA	NIRC	
405	MS. PREETI AGRAWAL	ACS - 51721	NIRC	9	A	25001	AKHLAQUE AHMAD	EIRC	
406	MS. NEETA NANDWANI	ACS - 51722	NIRC	10	A	37789	MEENALI JAIN	NIRC	
407	MS. MEENAKSHI SACHDEVA	ACS - 51723	NIRC	11	A	15337	Y SURENDER	SIRC	
408	MR. AASHISH SHARMA	ACS - 51724	NIRC	12	A	11716	ASHISH ARVINDBHAI SHAH	WIRC	
409	MR. GAURAV THAKUR	ACS - 51725	NIRC	13	A	39065	ADITYA KUMAR PANDEY	NIRC	
410	MS. DEEPANSHI GARG	ACS - 51726	NIRC	14	F	5780	KANIKA VERMA	NIRC	
411	MS. HANNA P NAZIR	ACS - 51727	SIRC	15	A	14520	DEEPAK BHIM RAO SHADAMBIKAR	WIRC	
412	MR. KADAMBI SREENIVASA BHAGAVAN	ACS - 51728	SIRC	16	A	10717	NITIN AGARWAL	F/NIRC	
413	MR. ARUN KUMAR M	ACS - 51729	SIRC	17	A	30960	SUGANDHA TRIVEDI	NIRC	
414	MR. MURALI B S	ACS - 51730	SIRC	18	A	6960	N VENKATESWARAN	SIRC	
415	MS. NEELAM BHARDWAJ	ACS - 51731	WIRC	19	A	15565	SUDARSHAN MOHATTA	WIRC	
416	MR. VIVEK SURYAKANT MUDHOLKAR	ACS - 51732	WIRC	20	A	9709	SANJAY MAHAJAN	NIRC	
417	MS. RASHMI RAMESH BHUTADA	ACS - 51733	WIRC	21	A	13390	VIJAY KANT ASIJA	NIRC	
418	MS. BANSI MUKESH MEHTA	ACS - 51734	WIRC	22	A	20042	MANDVI HARISHANKAR SHARMA	SIRC	
419	MS. PRERANA RAMPRAKASH JOSHI	ACS - 51735	WIRC	23	A	13959	P R KANNAN	SIRC	
420	MS. MITALI PRAKASH PITRODA	ACS - 51736	WIRC	24	A	31047	SANKET SRIVASTAVA	NIRC	
421	MR. NILESH BAHETY	ACS - 51737	EIRC	25	F	2875	SANDEEP AHUJA	NIRC	
422	MR. B S NANJUNDASWAMY	ACS - 51738	SIRC	26	A	37241	SHIKHA MAHESHWARI	NIRC	
423	MS. GITANJALI AMIT TELANGE	ACS - 51739	WIRC	27	A	37202	TANISHKA GUPTA	NIRC	
424	MS. RENU YADAV	ACS - 51740	NIRC	28	A	38243	PRIYA CHAKRABORTI	NIRC	
425	MR. AKASH HAMIRBASIA	ACS - 51741	EIRC	29	A	35478	SRINIVASA SARMA RANI	SIRC	
426	MS. RASHMI SARAF	ACS - 51742	EIRC	30	A	16481	C RAJENDRA VARMA	SIRC	
427	MR. PARAMJOT SINGH VIRDI	ACS - 51743	EIRC	31	A	16384	ANIL KUMAR MALIK	NIRC	
428	MS. NIKITA CHOURASIA	ACS - 51744	EIRC	32	F	4685	BHUPESH ANAND	NIRC	
429	MS. PAYAL SENGUPTA	ACS - 51745	EIRC	33	A	30659	SHUBHANGI MEHTA	NIRC	
430	MS. NEHA TANWAR	ACS - 51746	NIRC	34	A	23052	SHRADHA SHROFF	EIRC	
431	MR. ANKIT OBEROI	ACS - 51747	NIRC	35	A	23945	VIKASH KUMAR MISRA	NIRC	
432	MS. RASHI MIRANI	ACS - 51748	NIRC	36	A	29906	KISHORE PITCHUMANI IYER	WIRC	
433	MS. AANCHAL GUPTA	ACS - 51749	NIRC						
434	MR. MOHIT BHATIA	ACS - 51750	NIRC						

*RESTORED FROM 01.05.2017 TO 31.05.2017

37	A	26945	JISHA GOPAL	SIRC
38	F	6157	PARUL DUA	SIRC
39	A	32272	VISHAL KHERA	NIRC

CERTIFICATE OF PRACTICE

ISSUED*

SI. NO.	NAME	MEMB NO	REGN	COP NO.
1	MS. NEHA KAUSHAL GOENKA	ACS -23323	EIRC	18442
2	MS. NISHA NISHIT NANDWANA	ACS -49762	NIRC	18443
3	MS POORNIMA MOOLE	ACS -19990	SIRC	18444
4	MS. HEENA JAIN	ACS - 22738	NIRC	18445
5	MR. DHIRAJ KUMAR JHA	ACS - 29838	NIRC	18446
6	MR. RAGHAV R	ACS - 31110	SIRC	18447
7	MS. RUCHI SUNIL BHANDARI	ACS - 40214	WIRC	18448
8	MR. DIVYANSHU SAHNI	ACS - 42200	NIRC	18449
9	MR. DHARAM PRAFULKUMAR JOSHI	ACS - 42717	WIRC	18450
10	MS. BHUMIKA JOGENDRA SINGH RAJPUT	ACS - 42774	WIRC	18451
11	MS. NAMRATA JAIN	ACS - 43850	WIRC	18452
12	MS. POOJA SONI	ACS - 44777	WIRC	18453
13	MR. UMESH VIDYADHAR CHINCHAWADE	ACS - 45289	WIRC	18454
14	MR. LELE CHINMAY MOHAN	ACS - 45864	WIRC	18455
15	MR. RAHUL GIRDHARILAL AGRAWAL	ACS - 48831	WIRC	18456
16	MR. CHIRAYU NAYANKUMAR SHAH	ACS - 49343	WIRC	18457
17	MS. BHARTI DHINGRA	ACS - 49854	NIRC	18458
18	MS. SHIKHA KATHURIA	ACS - 50496	NIRC	18459
19	MS. MADHURI	ACS - 50640	NIRC	18460
20	MR. VINIT RAMAN PATIL	ACS - 50816	WIRC	18461
21	MR. GAURAV SRIVASTAVA	ACS - 50828	NIRC	18462
22	MR. CHIRAG	ACS - 50931	NIRC	18463
23	SH. S V KULKARNI	FCS - 4903	WIRC	18464
24	SH RAMIT RASTOGI	FCS - 6952	NIRC	18465
25	MS. DIPIKA JAIN	ACS - 50343	EIRC	18466
26	MR. JAHANGEER SHAIK	ACS - 50449	SIRC	18467
27	MR. DIPAKKUMAR MOHANLAL SANGHANI	ACS - 50568	WIRC	18468
28	MS. NAVEENA P THAMPI	ACS - 50675	SIRC	18469
29	SH. DEVINDER SINGH ARORA	FCS - 849	NIRC	18470
30	MS. MINAKSHI BAJORIA	ACS - 29114	EIRC	18471
31	MS. AKANKSHA KHANNA	ACS - 35861	NIRC	18472
32	MR. ANAND LAKHOTIA	ACS - 44367	EIRC	18473
33	MR. DEEPAK PATHAK	ACS - 48339	NIRC	18474
34	MS. TARU JAIN	ACS - 49813	WIRC	18475
35	MR. JEEVAN KUMAR	ACS - 50761	NIRC	18476
36	MS. SAKSHI RANI	ACS - 43692	NIRC	18477
37	MS. RUSHITA JAIN	ACS - 46357	NIRC	18478
38	MS. NISHTHA MAHESHWARI	ACS - 48525	NIRC	18479
39	MS. KOMAL ARORA	ACS - 50203	NIRC	18480
40	SH. SUPRIYO CHATTERJEE	ACS - 25127	EIRC	18481
41	SH. AMIT UTTAM SURASE	ACS - 26485	WIRC	18482
42	MR. JIGAR KANAKCHANDRA TRIVEDI	ACS - 46488	WIRC	18483
43	MR. RAHUL RUPLAL SHAH	ACS - 48998	WIRC	18484
44	MS. PRIYANKA VIJAYKUMAR SINGRODIA	ACS - 50300	WIRC	18485
45	MR. HEMANT NAYAK	ACS - 50235	NIRC	18486
46	MR. RAHUL KUMAR BANSAL	ACS - 50382	NIRC	18487
47	MR. GAURAV GOYAL	ACS - 50420	WIRC	18488

48	MR. MURALI G R	ACS - 50790	SIRC	18489
49	MR. NILESH SUBHASH AWALE	ACS - 51009	WIRC	18490
50	MR. GANESH DATTATRAYA JOSHI	ACS - 51041	WIRC	18491
51	MR. ABHAY KUMAR	ACS - 50627	NIRC	18492
52	SH. SANDEEP AGGARWAL	FCS - 3979	NIRC	18493
53	SH. MANISH GUPTA	FCS - 7718	NIRC	18494
54	MR. VAIBHAV YASHWANT JACHAK	FCS - 8821	WIRC	18495
55	MS. DEEPTI	ACS - 25442	NIRC	18496
56	MS. GUNJAN ARORA	ACS - 34046	EIRC	18497
57	MR. UTTAM ANURAG	ACS - 40683	EIRC	18498
58	MS. MOHANA PRIYA M	ACS - 47463	SIRC	18499
59	MR. VIJAYA KUMAR CHOWTI SHIVANANDA	ACS - 47544	SIRC	18500
60	MR. DHRUVAL ALKESHBHAI PATEL	ACS - 47588	WIRC	18501
61	MR. RAJ KUMAR SINGH	ACS - 48882	NIRC	18502
62	MR. YACOB P O	ACS - 50329	SIRC	18503
63	MR. ROHIT RAJENDRA GANDHI	ACS - 50427	WIRC	18504
64	MS. ARCHANA KUMARI	ACS - 50450	EIRC	18505
65	MS. RUGVEDA SUDHIR WAGH	ACS - 50612	WIRC	18506
66	MS. PRANITA JHAWAR	ACS - 50664	NIRC	18507
67	MS. BANGALORE RAMESH RAKSHA	ACS - 50949	SIRC	18508
68	MR. SAURABH JAIN	ACS - 50961	EIRC	18509
69	MS. SONAM MINOCHA	ACS - 50989	NIRC	18510
70	MR. SUSHILKUMAR RAMCHANDRA PATIL	ACS - 51006	WIRC	18511
71	SH. SHARVAN KUMAR BANSAL	FCS - 5810	NIRC	18512
72	MR. PREM PYARA TIWARI	ACS - 39449	NIRC	18513
73	MR. VIVEK ASHWIN MARU	ACS - 39559	WIRC	18514
74	MS. SULAKXI AGARWAL	ACS - 41771	NIRC	18515
75	MS. NISHA ADWANI	ACS - 43786	NIRC	18516
76	MS. DIKSHITABEN CHITRANJANKUMAR PANDIT	ACS - 46057	WIRC	18517
77	MS. LEKSHMI N RAJ	ACS - 49158	SIRC	18518
78	MS. PRITHA DHANDHANIA	ACS - 49631	EIRC	18519
79	MS. SANJANA MANAK BOHARA	ACS - 49785	NIRC	18520
80	MS. NIKITA SAHA	ACS - 50145	EIRC	18521
81	MR. AKASH JAISWAL	ACS - 50257	NIRC	18522
82	MR. JENISH SANJAYBHAI DOSHI	ACS - 50447	WIRC	18523
83	MS. POOJA BANSAL	ACS - 50458	EIRC	18524
84	MS. SAUMYA AWASTHI	ACS - 50497	NIRC	18525
85	MS. HIMANSHI CHAUDHARY	ACS - 50865	NIRC	18526
86	MS. TEJASWINI MANCHALA	ACS - 51047	SIRC	18527
87	SH. SATYENDU PATTNAIK	FCS - 7736	NIRC	18528
88	SH. ARJUN SURYANARAYAN AMANCHI	FCS - 8887	WIRC	18529
89	MS MANDVI HARISHANKAR SHARMA	ACS - 20042	SIRC	18530
90	MR. MORLA CHAITANYA BABU	ACS - 48953	SIRC	18531
91	MS. POOJA TAPAN KENI	ACS - 50880	WIRC	18532
92	MR. ZADDU NAGI REDDY	ACS - 42757	SIRC	18533
93	MR. PRAKASH CHANDER	FCS - 8990	NIRC	18534
94	SH. MANDAR MADHAV RANADE	ACS - 19022	WIRC	18535
95	MS. MANASI ABHAY SATHE	ACS - 39771	WIRC	18536
96	MS. SHILPI	ACS - 41558	NIRC	18537
97	MR. PRASAD SHAILESH DAVDA	ACS - 43915	WIRC	18538
98	MS. PUJAN NARAYANLAL RAVAL	ACS - 49420	WIRC	18539
99	MS. NIDHI NATANI	ACS - 49860	NIRC	18540
100	MS. SURANYA SUJITH	ACS -50685	SIRC	18541
101	MR. PALASH JAIN	ACS -50724	WIRC	18542
102	MR. NEERAJ KUMAR JAIN	ACS -50863	NIRC	18543
103	MR. HARSHIT RASTOGI	ACS -50929	NIRC	18544
104	MR. RASBIHARI SHARMA	ACS -50967	NIRC	18545

*ISSUED DURING THE MONTH OF MAY, 2017

11	MR. GAURAV VIJAY	ACS 43706	16117	EIRC
12	MS. BHANU PRIYA BAJAJ	ACS 47860	17820	NIRC
13	MS. SURBHI BANSAL	ACS 28492	15808	NIRC
14	MR. SANJAY VIJAY BATHEJA	ACS 17352	15807	WIRC
15	MS. NAFISA SULTANALI CHARANIA	ACS 33767	17219	WIRC
16	MR. PINTU KUMAR BISWAL	ACS 45148	17105	EIRC
17	MS. ANNAPOORNABEN TARUNKUMAR AGRAWAL	ACS 37597	15661	WIRC
18	MR. LAVNEESH BAREJA	ACS 41312	16780	NIRC
19	MR. RAKESH SAIN	ACS 50138	18168	WIRC
20	MS. HARSHADA PRADEEP RANE	ACS 34268	14762	WIRC
21	MR. SILADITYA CHOWDHURY	ACS 49149	18242	EIRC
22	MS. KHUSBOO SETHIA	ACS 36230	16959	EIRC
23	MS. CAUVERAMMA BASAPPA BOLLAR PANDA	ACS 46064	16906	SIRC
24	MS. PINKY SINGH	ACS 35663	14867	NIRC
25	MR. NAVEEN WISHWABANDHU	FCS 7034	15400	NIRC
26	MR. AMIT AGARWAL	ACS 37843	14110	EIRC
27	MR. JATIN KUMAR	ACS 39445	15739	NIRC
28	MR. ANSHUL GARG	ACS 32301	16941	NIRC
29	MS. SUKRITI MANNA	ACS 45394	17382	NIRC
30	MS. RASHMI AGARWAL	ACS 42981	16115	EIRC
31	MR. ASHOK	ACS 45403	17175	NIRC
32	MR. ARPIT GOYAL	ACS 37085	17076	NIRC
33	MS. REKHA MAHAVIR PRASAD SHARMA	ACS 31144	12136	WIRC
34	MS. FARHA KHATOON	ACS 35553	15648	EIRC
35	MS. NIDHI ARORA	ACS 28136	14904	NIRC
36	MS. REKHA ANIL GUPTA	ACS 24804	10340	WIRC
37	MR. KAMAL NARAIN GUPTA	FCS 8624	17138	NIRC
38	MR. K T GANDHI	FCS 3316	9777	WIRC
39	MS. HINAL RONAK MEHTA	ACS 25618	17581	WIRC
40	MS. AARTI MAHENDRAKUMAR JAIN	ACS 37004	17401	WIRC
41	MS. NIKITA MEHRA	ACS 48712	18305	NIRC
42	MS. AMITA KUMARI	ACS 43658	17304	NIRC
43	MR. GURPRIT SINGH	ACS 44849	17588	NIRC
44	MR. TARA NATH BINGIMALLA	ACS 33306	12680	SIRC
45	MR. VEERAMANI KANDAN T	ACS 37576	17517	SIRC
46	MS. HUMA SEHRISH	ACS 44712	17656	NIRC
47	MS. URVASHI MALHOTRA	ACS 34500	13262	NIRC
48	MS. PURVA DUTTA	ACS 34165	12753	NIRC
49	MR. ROHIT AGARWAL	ACS 41439	15558	NIRC
50	MR. JOGINDER	ACS 49245	17920	NIRC
51	MS. BHARTI KASHYAP	46774	17158	NIRC

LICENTIATE ICSI

ADMITTED*

SL. NO.	LICENTIATE NO.	NAME	REGN
1	6939	MR SRINIVASAN T	SIRC
2	6940	MR SHRAVAN KANNAN DEV	SIRC
3	6941	MR. CHANDRASEKAR S	SIRC
4	6942	MS. SHILPA K MURTHY	SIRC

* ADMITTED DURING THE MONTH OF MAY, 2017

EXTENSION IN THE LAST DATE FOR PAYMENT OF ANNUAL MEMBERSHIP AND CERTIFICATE OF PRACTICE FEE FOR THE YEAR 2017-18

The annual membership fee and certificate of practice fee for the year 2017-2018 has become due for payment w.e.f. 1st April, 2017. The last date for the payment of fee was 30th June, 2017 which has now been extended upto 31st August, 2017.

The membership and certificate of practice fee payable is as follows:

Particulars	Associate (admitted till 31.03.2015)	Associate (admitted on or after 01.04.2015)	Fellow
Annual Membership fee	Rs. 2500	Rs. 1500	Rs. 3000
Entrance fee	Rs. 2000	Rs. 2000	Rs. 2000
Restoration fee	Rs. 250	Rs. 250	Rs. 250
Certificate of Practice fee	Rs. 2000	Rs. 1500	Rs. 2000

A member who is of the age of sixty years or above and is not in any gainful employment or practice can claim 50% concession in the payment of Associate/Fellow Annual Membership fee and a member who is of the age of seventy years or above and is not in any gainful employment or practice can claim 75% concession in the payment of Associate/Fellow Annual Membership fee subject to the furnishing of declaration to that effect.

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

MODE OF REMITTANCE OF FEE

The fee can be remitted by way of:

- Online (through payment gateway of the Institute's website (www.icsi.edu))
- Cash/Cheque at par/Demand draft/Pay order payable at New Delhi (indicating on the reverse name and membership number) drawn in favour of 'The Institute of Company Secretaries of India' at the Institute's Headquarter or Regional/Chapter offices.

For queries, if any, the members may please write to Mr. Jitendra Kumar, Executive Assistant at email id jitendra.kumar@icsi.edu or contact at telephone no. 0120-4082134

Extension of last date of payment of the Annual Subscription for Licentiate for 2017-18

The payment of Licentiate Subscription for the year 2017-18 became due for payment w.e.f. 1st April, 2017. The last date for payment of the same was 30th June, 2017 which has now been extended upto 31st August, 2017. The annual Licentiate subscription payable is Rs.1,000/- per year.

The Licentiates who want to renew their enrollment as Licentiate are requested to remit at the Institute's Headquarters or Regional/ Chapter offices a sum of Rs.1000/- (Rupees One thousand only) through Cash/Demand Draft payable at New Delhi drawn in favour of "The Institute of Company Secretaries of India" indicating their Name and Licentiate number on the reverse of the Cash/ Demand Draft and the details of remittance may please be intimated at email id neeru.pandey@icsi.edu. The payment may please be made so as to reach the Institute on or before 31st August, 2017. In case the Licentiate subscription for 2017-18 has already been remitted, please send the particulars of the remittance at email id neeru.pandey@icsi.edu to link up the same and update the records.

For queries, if any, please write to Ms. Neeru Pandey, at email id neeru.pandey@icsi.edu or contact at telephone No. 0120-4082134



**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
www.icsi.edu



Releases at 18th National Conference of Practising Company Secretaries

Dear Professional Colleagues,

The Institute of Company Secretaries of India (ICSI) is dedicated to professional excellence of the profession of Company Secretaries and has made 'inclusive growth' a key element in its various professional platforms. In order to achieve a professional growth process in which people from all walks of life participate and benefit, the ICSI extended its professional reach to the North Eastern part of the country, by organizing the first ever National event in Shillong - 18th National Conference of Practising Company Secretaries at State Convention Centre (Pinewood Hotel), Shillong, Meghalaya during June 24-25, 2017 on the theme '**Enterprising India – Role of Professionals in New Age India**'.

The Conference witnessed launching of various new initiatives and release of Publications. The Council of the Institute has decided that soft copies of the publications be made available to the students and members free of cost. Accordingly, members and students can access pdf version of the releases on ICSI website at : www.icsi.edu/PCS_Pub.aspx

Happy Reading !!

Regards,

CS (Dr.) Shyam Agrawal
President



Souvenir-cum-Backgrounder



Beginners Guide on Goods and Services Tax

It provides a basic understanding about GST to public at large and makes them aware of the various important concepts in GST.



45 Days Residential Corporate Leadership Development Programme

ICSI has introduced three month compulsory residential training programme for CS professional pass out students.



ICSI- Quest – EAssist - Web Application

The Institute has launched 'ICSI Quest-eAssist', an online platform for members of ICSI to seek responses on the queries and difficulties of members pertaining to the Companies Act, 2013 and Rules and Notifications.



My ICSI virtual Platform Blog & Discussion Board

The Institute has also launched 'ICSI virtual Platform Blog & Discussion Board' on the occasion.



ICSI Sampark

Missed Call Number Service for ICSI: The Institute has also launched missed call number service for ICSI. Now, anyone can get help on Registration Procedure by giving a Missed Call at 8824401155



Mock Test – Unlimited Insolvency Professional

With the object to constantly educate its members and to prepare them for the challenges ahead, ICSI IPA launched a Mock Test Series.



Handbook for MSME Entrepreneurs

It emphasizes on the role of MSMEs in the National progress. Insight into the registration process of MSMEs, raising of finances, as well as compliances with various regulatory obligations would help MSME Entrepreneurs in management and administration of their businesses in a sustainable manner.

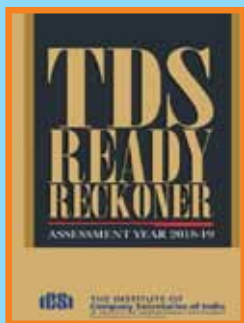


Ready Reckoner for Private Companies- (The Companies Act, 2013 Series)

This Ready Reckoner aims to give an easy to follow approach vis-à-vis the procedures and compliances to be observed by a private company under the Companies Act, 2013. The Reckoner has some of the checklists, chapter-wise compliances to be observed, and exemptions available etc. to the private companies.



Releases at 18th National Conference of Practising Company Secretaries



TDS Ready Reckoner

To objectify capacity building of our members and advance their understanding in effectively discharging their professional accountabilities under TDS, the Institute has brought out the publication titled "TDS Ready Reckoner". This Ready Reckoner contains all aspects of Tax Deduction at Source, the detailed scheme of TDS, various deductions under TDS, procedural compliances as well as consequences for non-compliance.



FAQs on Companies Act, 2013 (2nd edition) - (The Companies Act, 2013 Series)

Revised edition of 'Frequently Asked Questions or FAQs on the Companies Act, 2013' contains the practical issues being faced by the professionals as have been brought before the Institute in the form of queries through dedicated e-mail/ through ICSI Quest – Assist (call - in platform) for the purpose.



Recognitions to Company Secretary in Practice

Arrays of recognitions are being accorded to Company Secretaries under various central and state laws. In this context, the Institute brought out the publication titled 'Areas of Recognitions to Company Secretary in Practice under Various Laws' to apprise the members about the vast world of recognitions in various laws of the country.



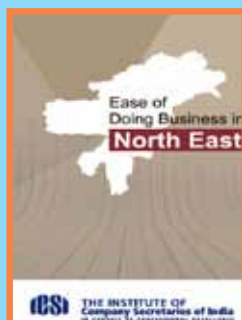
A Guide to Board Evaluation

This publication discusses the need and importance of board evaluation, international trends, legal framework in India, methodologies, steps involved and post-evaluation activities.



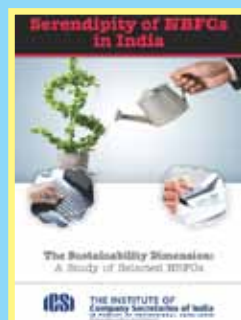
West Bengal-Ease of Doing Business for MSME Sector

In the entrepreneurial ecosystem the journey of an entrepreneur begins from conceiving an idea to developing it into a project proposal for starting a business. This publication covers basics of Micro, Small and Medium Enterprises Act, Entrepreneurship Development and the MSME Sector in West Bengal with reference to the West Bengal MSME Policy 2013-18.



A Guide to Ease of Doing Business in North Eastern Region

In view of the attainment of the objective of 'Balanced Regional Growth', it is imperative to create a congenial business environment in North-East thereby facilitating growth of business. In this backdrop, the book titled, "Ease of Doing Business" is an endeavor to delve into the various key facets pertaining to the business environment in North East.



Serenidity of NBFCs in India- The Sustainability Dimension A Study of Selected NBFCs

In light of the fact that NBFCs constitute an integral element of the Indian Financial System, and the crucial role they play in nation building and financial inclusion by complementing the banking sector in extending credit to the unbanked segments of the population, the research paper generates paramount research interest to comprehend the sustainability of NBFCs in India.



Espousing Corporate Governance through Shareholders Wealth Maximisation Trajectory

With the rise of shareholders activism, wealth maximization of shareholders have gained steam. Since equity shareholders are real owners of a company and embrace highest degree of risk, this research paper attempts to delve into wealth maximization scenario of selected Indian banking companies.

Pdf version of the releases can be accessed at the ICSI website : www.icsi.edu/PCS_Pub.aspx

For any query or feedback, please write to Directorate of PD, PP & Studies at academics@icsi.edu or 0120-4082125

APPOINTMENTS



THE INSTITUTE OF Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

ICSI House , 22 , Institutional Area, Lodi Road, New Delhi –110 003
Phone : 45341000 Fax : 91-11-24626727
E-Mail : info@icsi.edu Website : www.icsi.edu

CAREER OPPORTUNITIES

The ICSI, a premier professional body constituted under an Act of Parliament, invites applications for the following posts at its Headquarters & ICSI-CCGRT, Navi Mumbai :-

Name of the Post	Pay Band & Grade Pay (Rs.)	Gross Salary per Annum (Rs. in Lakh)	Max. Age (as on 01.07.2017)	Total No. of Posts
DEAN (on Contractual basis for two years at CCGRT, Belapur, Navi Mumbai)	Compensation: Rs. 17.8 lakh per annum approx.		55 years	1
Joint Secretary (Law)	37400-67000 with Grade Pay-10000/-	17.8	45 years	1
Director (Law)	37400-67000 with Grade Pay-8700/-	15.6	45 years	1
Director (Internal Audit)	37400-67000 with Grade Pay-8700/-	15.6	45 years	1

For further details viz. qualification, experience, procedure for submission of application, etc., please visit our website www.icsi.edu/career with effect from **12.07.2017**. Interested candidates must **apply only through electronic application form (Online)**. Last date for submission of application (Online) is **30.07.2017**. Reservation policy will be applicable as adopted by the "ICSI" in its Service Rules. The "ICSI" reserves the right to increase/decrease or even not to fill up any posts as per its requirement.



**Indian Institute of
Corporate Affairs**
An Autonomous Body under the charge of Ministry of Corporate Affairs, Government of India
School of Corporate Law

**SIX MONTHS CERTIFICATE COURSE
ON CORPORATE LAW**
(ONLINE)
September 2017 - February 2018

*Certification from a Premier Institution established by Ministry of Corporate Affairs, Government of India
(September 2017 – February, 2018)
Last date for registration: **31st August, 2017**
(Limited Seats per Batch)*

This Certificate Programme will enable the participants in gaining a sound and comprehensive understanding of the concepts of corporate and allied laws including the Companies Act, 2013; Incorporation and Structure, Capital Market, SEBI and IPOs, Corporate Finance, Arbitration, Corporate Social Responsibility (CSR), Corporate Insolvency, Fundamentals of Intellectual Property Law, etc. The course is designed with inclusion of the latest developments on Corporate Laws in India.

- FOR WHOM:** Government Officials, Industry, Professionals, Entrepreneurs, Academicians, Directors and Students.
- Course delivery by way of **Online Learning Management System (LMS)** spread over 6 months (120 Class Hours)

Contact:
Dr. Pyla Narayana Rao, Course Coordinator,
School of Corporate Law, IICA
Web: www.iica.in E-mail: pyla.nari@gmail.com
T: 0124-2640088 : Mob: 7042712183



**Indian Institute of
Corporate Affairs**
An Autonomous Body under the charge of Ministry of Corporate Affairs, Government of India
School of Corporate Law

**THREE MONTHS CERTIFICATE COURSE IN
"INSOLVENCY AND BANKRUPTCY LAWS & PROCEDURE"**
(online)
August - November 2017

*Certification from a Premier Institution established by Ministry of Corporate Affairs, Government of India
Last date for registration: **26th August, 2017**
(Limited Seats per Batch)*

This Certificate Programme focuses upon the Corporate and Individual Insolvency Process and introduces the concepts such as Insolvency and Bankruptcy Regime in India, Authorities and Enforcement Mechanism in IBC 2016, Corporate Insolvency Resolution Process (CIRP), Liquidation Process, Insolvency Resolution & Bankruptcy for Individuals & Partnership Firms and IBBI which would regulate a new genre of Insolvency Professionals through Insolvency Professional Agencies.

- FOR WHOM:** This certificate course would be useful to professionals as CS, CA, CMA, Insolvency Professionals, Legal Practitioners, creditors, academics and other related stakeholders who are interested in pursuing this area in their professional life.
- Course delivery by way of Online Learning Management System spread over 3 months (45+ Class Hours)

Contact:
Dr. Pyla Narayana Rao and Ms. Shefali Teotia
Course Coordinators, School of Corporate Law, IICA
Web: www.iica.in E-mail: pyla.nari@gmail.com
T: 0124-2640088 : Mob: 7042712183



ICSI celebrates Capital Markets Week

July 22-28, 2017

The Institute of Company Secretaries of India (ICSI) has been actively engaged in promoting the interest of investors and the orderly development of the capital market in India. As part of its continuous initiative towards investor education and good governance in Capital Markets, the ICSI observes Capital Markets Week every year. This year, we are observing Capital Markets Week during July 22-28, 2017 throughout the country. The Theme, Sub-themes and mega programmes to be organized during the Capital Markets Week are as follows:

Theme

**“Capital Market of
New India : The
Reform Agenda for
Inclusive Growth”**

Sub-themes

- Primary Markets : Building Confidence
- Secondary Markets : Taking Stock
- Emerging financial products : Harnessing Opportunity (municipal bonds, REITs, InVITs etc)
- Indian Debt Capital Markets : Lot More to Come
- Compliance Mechanism Harbinger's for Robust Capital Markets
- Emerging Alternate Capital Market-place (Start-ups, ITP, SME, etc.)
- Company Secretary- Professional Catalyst In Capital Markets.

KOLKATA

DELHI

CHENNAI

MUMBAI

In addition to organization of mega programmes at above four major cities, a number of activities will be undertaken during the week such as panel discussions, lectures, interactive meetings with capital market regulators/stock exchanges and investor awareness programmes by the respective Regional Councils and Chapters.

For details and updates regarding dates, time, venue and faculty of the mega programmes and other events during the Capital Markets Week, please visit www.icsi.edu

Programme Credit Hours

- ❖ Four PCH would be awarded to members for attending Mega Programmes.
- ❖ PCH for other programmes would be awarded as per the guidelines of the institute.

All are cordially invited to attend and participate in the Capital Markets Week activities.

CS (Dr.) Shyam Agrawal
President, ICSI

CS Mahavir Lunawat
Council Member, ICSI &
Chairman, Financial Services Committee



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6

MISCELLANEOUS CORNER



- ETHICS & SUSTAINABILITY CORNER
- ICSI INITIATIVES UNDER GST
- GST CORNER
- CG CORNER

POWER OF INTROVERSION FOR PROGRESSIVE ADMINISTRATION

Contributed by Brahma Kumaris, Om Shanti Retreat Centre, Gurugram

Administration is believed to be root of all civilizations. As the administration, so is the nation. Even if we talk about a small system or an organization, the work culture and the environment within the organization depends a lot on its administration. And talking about administration, it is further the administrator who sets the rule or trend of administration and hence for the system. So if the administrator is aligned to certain value system, code of conduct, belief or principles, he aligns the whole system to it and the principle can be easily sustained within the system. While, if the administrator himself doesn't follow them, it is difficult to sustain that value system or principle in the administrative system. It is by sustaining this values system and ethical base of the administration that the administration can be constantly progressive in nature.

In the light of the above conclusion, let us examine certain powers, which if executed with true knowledge about them, sincere efforts and conviction of fulfillment, can lead to a new era of administration- ethically powerful and admired by all. First amongst these powers is the **Power of Introversion**.

- **What is the meaning of Introversion?**

If we look for the definition of introversion, it will range from the quality of being shy to the quality of being unsociable. And an introvert person is understood as someone who is predominantly concerned with his own feelings and thoughts rather than with external things. But being introvert in true sense is much more than merely being shy or reticent or self-centered. It is not an inactive or dull state of the person, where one is not concerned about the surroundings or external things; being introvert is rather a holistic state where one is in complete harmony with a balance between the internal and external environment.

So what is being introvert? Introvert (Latin *introvertere*) comes from the Latin words *intro-* 'to the inside' and *vertere-* 'to turn'. Thus in spiritual contemplation, being introvert means to turn one's attention on one's thoughts and one-self.

- **When to become introvert?**

Each person is an administration in a sense. Whether a manager or leader in an organization, or a homemaker in a household, or a student studying in a school or college- each one of them have to manage their time, tasks, thoughts, emotions, resources, etc. So the concept of administration is not restricted to a few but is universal to all. So at any given time, we all are demonstrating our administration skills.

- But, there often comes a time when we find ourselves stuck in middle of anything; where we think we have reached far enough not to turn back or escape or Ctrl+ Alt+ Delete the situation (sometimes created by my own misunderstandings and actions done in the past) and nor can I proceed ahead. In such situations, we need a shift in our approach of solving things and coming out of situations. When old methods stop working, it is an indication or a call to devise something new. This newness cannot be a product of something old and already in use. It has to come out fresh. In order to allow this fresh idea or solution to come to our mind and also to be able to 'catch' it when it comes, we have to be observant towards our thoughts so that we don't miss the right one. In fact the right one will strike when there are not too many waste one's in our mind.
- It is also good to be introvert when you we are tempted to see the flaws in others. It is true that an administrator has to strive for and maintain the excellencies of the system, and for that it is necessary to be aware of the shortcomings of others. But in order to do so, he must be aware of the shortcomings of his own as well. If he has the charge and power to make reforms for others, he also has a responsibility to transform himself. Moreover, to be loud and extrovert in detailing what wrong



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by being introvert, we can easily avoid the situation of repentance after the task is done as we are no longer compelled by external stimulus and whatever we do say or do are products of conscious thinking and better decision making. In other words, by being introvert, I can better design my destiny.



it is possible to experience an unknown- unseen world of true peace, happiness, love and power if we connect to ourselves and become introvert. This leads to a sense of fulfillment in the self and arouses a feeling of contentment. That's why in Hindi, it is said 'Antarmukhi sada sukhi' which translates to 'one who is introvert is always happy'.



others are doing, means to spread negativity in the atmosphere and in the minds of people around me. Instead of that, one has to focus more on what wrong I am doing and how can I rectify myself and others positively.

- **Why should one be introvert?**

"He who guards his mouth and tongue, Guards his soul from troubles" - New American Standard Bible

- By being introvert, we can give ourselves some time to think before we act or respond. We commonly advise others - 'Think before you Speak' or 'Think before you Act' but being introvert takes it one step deeper to- 'Think before you Think'. It is like detaching ourselves from the stimulus, which can trigger a sudden reaction and spoil the situation. We give ourselves an opportunity to pause, reflect back and ask ourselves- what will be the effect of my response? In this way, we can check the quality of our thoughts, words and actions and anticipate the outcome; as we sow a thought- we reap a word, we sow a word- we reap an action and we sow an action- we reap our habits, character and ultimately our destiny. Hence, by being introvert, we can easily avoid the situation of repentance after the task is done as we are no longer compelled by external stimulus and whatever we do say or do are products of conscious thinking and better decision making. In other words, by being introvert, I can better design my destiny.

- Also, take the case of a huge tree whose branches are wide spread, which bears beautiful flowers and fresh fruits, whose leaves are green and lively. In order to keep this tree alive and growing, one can water its each and every branch, leaf, flower and fruit on the tree daily. But does this make the tree really grow? Certainly not! All of these efforts will go in vain as we know that the tree doesn't get the nourishment through its branches, leaves, flowers or fruits. If we have to nourish this tree, we have to water and nourish its roots. Similarly, our present state of life is like this huge tree bearing various roles, responsibilities, relations, attainments, etc. We can continue to be worried about the expansion of this tree of life and expend all of our energy in developing all of these; but without paying due attention on the inner self or soul, which is the root of all this, we cannot ensure that life will be flourishing the way we expect it to do. Being introvert takes us to the roots of this deeper self of ours.

- Just as the surface of the ocean is turbulent and noisy but the ocean bed is stable and silent and holds rare treasures and creatures which cannot be found on the surface of the ocean; our deeper self is full of virtues and powers. By just surfing on the surface of our identity, we remain devoid of these virtues and powers and start looking for them outside. Even though each individual has it in their deeper self, but since we again just look at their surface, we think that these virtues are no more relevant in the world today and even presume that it is very difficult to experience them in their true form and even believe that such a world- operating on the basis of all these virtues and powers cannot exist or is impractical; while it is already existing in each one of us. We just have to peep within... Thus, it is possible to experience an unknown- unseen world of true peace, happiness, love and power if we connect to ourselves and become introvert. This leads to a sense of fulfillment in the self and arouses a feeling of contentment. That's why in Hindi, it is said 'Antarmukhi sada sukhi' which translates to 'one who is introvert is always happy'.

- When we taste a new dish, which we had never tasted before, even though the dish is new for us, we can still infer its taste- whether it is sweet or salty or bitter or sour. We can even comment on whether the quantity of sugar or salt is appropriate or not. How was this possible when we were tasting the dish for the first time? This is because the dish was new for us but the experience of taste was not new, i.e., we already have had this experience before. Similarly, when we meet a person and judge that he / she is honest or calm or friendly... it is because we might be meeting the person for the first time but we already have all these qualities and their experiences in store within us. It also means that if we notice other's weakness, it is because we have it too within us. Thus, 'as the Microcosm, so the Macrocosm' - we have within us all that we look outside in the world- whether positive or negative. Being introvert creates for us an 'Inner laboratory' for all the virtues to

work. We can experiment on these inner virtues and develop them within us. Being connected with ourselves and changing our perceptions about things we see outside in turn creates new experiences outside and lead to a new observation about the same person or event around us, strengthening our own set of inner virtues.

- When we are introvert, as a result of this self analysis and experimentation, we are able to transform ourselves also. Let's see how... As discussed earlier, introversion followed by introspection leads to clarity of thoughts and feelings and hence better decision making. Through a better decision, we can discriminate between what is right and what is wrong. And through knowledge and experience of our inner world of power we can now transform our waste and negative thoughts and feelings into positive and constructive ones. So, to be introvert is not merely to be silent and inactive. It is a furnace in which we burn our old beliefs, behaviors and impressions, and create new ones.

It is said-

"Wise men speak because they have something to speak, fools speak because they have to speak something".

- Plato

Hence being introvert doesn't mean being meek. But it gives saves our energy from getting drained in external questions and wasteful conversations. This saved energy is utilized in strengthening our thoughts, words and actions, which further has the power to transform or influence others. Thus this transformation power, although silent, is not incognito, as its results are evident as power to transform others too.

• How can one practise being introvert?

It is easy to look outside and get influenced by things around us as our senses are developed to see, smell, hear, taste and feel whatever is external. Hence to be introvert, the first step is to know our inner world.

Spirituality provides us an opportunity to understand our real self- that we are not these roles or tags of our name, gender, nationality, religion, color, work that we do, relationships that we hold, etc. In fact, we are not even this body. Just as a machine has many parameters on which its functioning is based, our body also has these various parameters on which our functioning in this society is based. If we consider ourselves to be this body, with a change in these parameters (and their speed of change is very fast in this fast-paced world), our functioning, responses, moods, feelings, belief systems, principles and everything else changes. With such a fluctuating inner state, we cannot experience inner stability and peace. Thus spirituality helps us become soul conscious and not role conscious.

Once we know and understand the world inside, we can develop the practise of being introvert through Rajyoga Meditation. Rajyoga Meditation allows us to 'see' what qualities we have, 'smell' what wrong notions or perceptions are we carrying and what opportunity do we have in each situation, 'hear' our inner voices or intuition in every situation, 'taste' or experience inner virtues and 'feel' the virtues in others too. As we develop these internal senses, our quality of being introverted further enhances and we emerge as more stable beings.

Moreover, when we are silent, we can hear the silent whispers of God, the incorporeal Supreme Being, who has no face or voice to express His loveful feelings, no hands to guide us physically; yet who does all of these very subtly. In order to catch His inspirations and receive His help, we have to filter out any waste from our mind and senses and fine tune our subtle inner receptors to His frequency, which is undoubtedly very high and one cannot attain that level of frequency if one is still trapped in the web of our own creation of name, fame, role. For this, we need to be detached from our external world, go to the internal realms and experience the self and Him as it is. And when we become silent and detached, He speaks to us that which is required by us at this moment. When we get connected to Him at His frequency, we are able to raise our own level of energy.

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ICSI INITIATIVES UNDER GST

1.) GST POINT

GST POINT is a platform to reply to the queries, difficulties and challenges faced by consumers, manufacturers, traders, MSMEs, public at large, professionals, etc. in understanding and implementation of the Goods and Services Tax Laws. The queries are being received and replied over the phone on the issues and challenges faced by stakeholders in day to day working while implementing the GST. The help line is open for two hours, twice a week and the queries are addressed by subject experts. The queries may be raised at 011-45341095. In addition, few regional chapters are in the process of setting up physical counters of GST Point on the designated days.

2.) Beginners Guide to GST

A Beginners Guide on GST has been released in the PCS Conference for circulation amongst public at large.

3.) GST E-Book

ICSI is coming out with an E-Book on Goods & Services Tax to be released soon.

4.) GST App

The Institute of Company Secretaries has launched a ICSI GST App for public at large today which will enable users to get latest news, articles, regulations and various publications on GST by ICSI. An event list tab will keep you updated about the events on GST organised by ICSI across India. Discussion Forum, a feature in the App will be updated soon where you will be able to discuss your queries relating to GST with experts of the Institute of Company Secretaries of India. The App is presently available on android platform and can be downloaded from Play Store.

5.) Certificate Course in GST

With a view to equip Company Secretaries with the skills and develop competency in the area of GST, ICSI has launched an Online Certificate Course on GST for its members. The course gives a comprehensive insight into the principles of GST as well as other nuances of the new indirect tax regime. The registration for this course on GST can be done at www.icsi.edu.

6.) GST Master Classes

ICSI is organizing Master Classes on Goods & Services Tax

through its various Chapters and Regional Offices continually, covering a wide coverage of the novel law.

7.) GST Resource Persons

With a view to support the smooth implementation of GST in India, ICSI is in the process of empanelling resource persons in GST who would further contribute in creating awareness and understanding about the facts, opportunities, challenges and way forward in the upcoming GST regime and promote capacity building initiatives in the varied areas of the new taxonomy.

8.) GST Educational Series

The Institute of Company Secretaries of India (ICSI), has also launched a daily Educational Series on Goods & Services Tax (GST) for the members and students to enhance knowledge of GST laws.

9.) GST Newsletter

The Institute of Company Secretaries of India (ICSI), as part of its capacity building initiative under the new indirect tax regime and upholding the "One Tax One Nation" motto of the Government of India, has brought out a monthly newsletter dedicated to the Goods & Services Tax (GST). The GST Newsletter broadly aims to cover recent updates and news under GST, a glimpse of events organised by ICSI on GST and a list of upcoming events along with articles, FAQs and other related material.

ANNOUNCEMENT

GST @ 18% becomes applicable on Entrance Fee, Annual Membership Fee, Certificate of Practice Fee and Licentiate Fee w.e.f. 1.7.2017

OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following Members:

CS S Kumar, (24.08.1951 – 15.06.2017), a Fellow Member of the Institute from New Delhi. He was member of CSBF Managing Committee and earlier served ICSI in various capacities and retired as Principal Director.

CS Vishwanath Thakersid Poddar, (02.07.1937 – 07.07.2016), an Associate Member of the Institute from Mumbai.

CS B Thulasi (04.01.1966 – 25.02.2017), an Associate Member of the Institute from Navi Mumbai.

May the almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the Departed souls rest in peace.

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1. GST Midnight Launch at Central Hall of Parliament

The biggest fiscal reform since independence was formally launched by Hon'ble Prime Minister at a launch ceremony in Central Hall of Parliament at midnight June 30, 2017. The event was attended by various eminent industrialists, cinestars, Ministers and the like.

2. 17th GST Council Meeting

The 17th meeting of GST Council was held on June 18, 2017 wherein the following was concluded:

- Rollout of GST from July 1, 2017
- The GST Council approved the Rules relating to advance ruling, appeals and revision, assessment and anti-profiteering
- GST Council also relaxed the deadline for filing of returns for the first two months following GST rollout
- E-Way Bill Rules could not be finalized. Shri Arun Jaitley said the transient rule would prevail pending a final decision
- The GST Council has decided to provide relief to hotels by raising the threshold tariff for the 28% tax rate to Rs. 7,500 from Rs. 5,000 proposed earlier
- State-run lotteries are going to be taxed at 12 % while state-authorized private lotteries would fall in the tax slab of 18%
- The GST Council will meet again on June 30, 2017 before the implementation of GST

3. 16th GST Council Meet

The 16th meeting of the GST Council was held on June 11, 2017 at New Delhi, wherein the following decisions were taken:

- GST Council reduced tax rates of 66 items against representations received for 133 items. Few takeaways are:
 - GST on insulin, agarbatti lowered to 5 per cent, school bags to attract tax of 28 per cent
 - GST on movie tickets under Rs 100 has been slashed to 18 per cent, while tickets priced above Rs 100 will be taxed at 28 per cent tax
 - Tax on cutlery will come down from 18 to 12 per cent, while computer printers will be lowered from 28 to 18 per cent
 - In order to encourage job work outsourcing in sectors like diamond, leather, textiles, jewellery and printing, where workers take the work home, the GST rate has been reduced to 5 per cent
 - Packaged foods like food and vegetable products such as pickles, chutnies, ketchup and instant food mixes, among others, which historically were taxed at 18 per cent, are going to be taxed at 12 per cent as these are items used by common people
 - Tax rates on cashew nuts have been cut to 5 per cent from 12 per cent
- Traders, manufacturers and restaurants with turnover of up to Rs 75 lakhs can avail the composition scheme, against Rs 50 lakhs earlier
- GST Council approves the Accounts and Records Rules

4. 15th Meeting of GST Council

The Goods and Services Tax Council's 15th meeting was held at New Delhi on June 03, 2017. The following are the key takeaways of the GST Council Meet:

- Traders and retailers can file declarations within 90 days claiming a tax credit for transition stock after the GST rolls

out from July 1, 2017

- GST Council also decided to amend the transition rules allowing traders and retailers to make the claim of 60 per cent against the Central GST(CGST) or State GST(SGST) dues where the tax rate exceeds 18 per cent
- In cases where the GST rate is below 18 per cent, only 40 per cent deemed credit will be available against CGST and SGST dues
- Where Integrated GST (IGST) is paid on the sale of such goods, deemed credit would be available at the rate of 30 per cent of IGST paid if the IGST rate is 18 per cent or above and 20 per cent of IGST paid in other cases
- The rates of tax and cess on gold, biscuits, footwear and textiles were decided for the rollout of the new indirect tax regime from July 1. The following rates were finalized:
 - Packaged food items sold under registered trademarks shall be taxable at 5%
 - All biscuits to be taxable at 18%
 - Agricultural machineries shall be taxed at 5% and 12%
 - Footwear priced below Rs. 500/- shall attract 5% GST while other footwear shall attract 18%
 - Textiles, jute and silk shall be subject to 0%
 - Yarn shall be put at 5% (except man-made yarn to be taxed at 18%)
 - Fabric of all categories shall be liable to 5%
 - Readymade apparel under Rs. 1,000/- shall be taxable at 5% while those above Rs. 1000/- would be taxed at 12%
 - Beedi patta to be liable at 18% whereas beedis shall be taxed at 28% without Cess
 - Rate on Gold , gems & jewellery and diamonds to be kept at 3%
 - Rough diamonds shall be taxable at nominal rate of 0.25% and
 - Solar panels to attract 5% GST

5. GST registration for businesses to reopen on June 25,2017

- The portal will open a third window for enrolling on June 25,2017 five days before the rollout of the new tax
- More than three-fourths of the total 80 lakh existing taxpayers under Value Added Tax, Service Tax and Central Excise have already successfully enrolled on to the new digital platform in two rounds of enrolment
- The first round of enrolment was open from November 8,2016 till April 30, 2017
- The second round had opened on June 1,2017

6. Central Goods & Services Rules-2017 Notified, Will Be Effective From June 22, 2017

- As many as 18 sections relating to registration of current central excise, service tax and VAT payers with the GST-Network (GSTN) as well as transitional provisions were notified
- As a precursor to GST, the Central Board of Excise and Customs (CBEC) has also notified two rules – registration and composition levy
- All the notifications to be effective from June 22,2017

7. Ministry of Electronics and Information Technology launches GST portal

The Ministry of Electronics and Information Technology has

launched a dedicated webpage to address issues related to Information Technology Services and Electronics. The ministry said in a statement that the webpage can be accessed through Ministry's Web Portal at <http://meity.gov.in/>

8. GST Council's Official Website Launched

- The government went live with GST Council's website which contains all the fine details about the new tax regime
- The Council's website has all the details about the soon-to-be implemented GST and is a one stop for all the information for an individual who wants to know on tax rates under GST, details on compensation, details on IGST, CGST, SGST and UTGST
- The website also has a link titled as 'GST Help' under which all the details about the constitution of GST, implementation committee, standing committees and sectoral groups for smooth roll-out of GST

9. Hon'ble Prime Minister reviews GST roll-out preparations

- Hon'ble Prime Minister took stock of various elements involved in the roll-out of GST and directed the officials that maximum attention be paid to cyber-security in IT systems linked to the GST
- Hon'ble Prime Minister specifically reviewed aspects of implementation such as IT readiness, HR readiness, training and sensitisation of officers, query handling mechanism and monitoring

10. GST Council clears 3-tier 'project management'

- GST Council has approved constitution of a three-tier structure for 'project management' of GST, consisting of the office of Revenue Secretary at the top, followed by a Project Management Team called GST Implementation Committee and eight standing committees
- In addition to these, there will be 18 sectoral groups to look into the specific issues of sectors such as telecom, banking, mining and pharmaceuticals sectors

11. CAG will audit GSTN: Finance Minister

- Comptroller and Auditor General of India will audit the Goods and Services Tax Network (GSTN)- Finance Minister Arun Jaitley
- CEO will be appointed by the government and every decision would be with a positive vote of the government, thereby giving a veto to the government
- The majority on the board will be government appointees

12. GST to allow companies in tax-free zones to claim refund

- The Department of Industrial Policy and Promotion (DIPP) is working on a scheme that will replace the current system, built on area based exemptions to allow companies with units in tax-free zones to claim refund of GST, helping ensure a smooth transition to the new regime for businesses located in industrially marginal areas
- Companies will have to pay tax upfront and apply for refund which shall be issued in 7 days

13. Commerce Ministry sets up GST facilitation cell

The Commerce Ministry has constituted a GST facilitation cell with a view to address issues regarding the new indirect tax regime in respect of foreign trade policy which is set up in the Directorate General of Foreign Trade (DGFT)

14. Government starts Twitter handle to resolve GST related

queries

Providing an avenue to address industry queries related to GST, the revenue department started a new twitter handle, '@askGST_GoI' which will serve as a platform for traders and the industry to get their doubts resolved by officials from Central Board of Excise and Customs (CBEC)

15. 160 firms apply to become GST Suvidha Providers

- The GST Network (GSTN) has received as many as 160 applications from firms that have evinced interest in acting as GST Suvidha Providers (GSPs)
- The GSTN in December last year had named 34 firms as GSPs
- The GSPs are mandated to provide convenient ways to taxpayers and other stakeholders in interacting with GST systems, from registration of entity to uploading of invoice details to filing of returns under the new regime

16. Abolished various cesses via budgets to pave way for GST: Government

- The Finance Ministry has gradually abolished various cesses on goods and services in the last three Budgets in the run up to the roll out of GST
- However, seven cesses will continue to be levied under GST regime since they pertain to customs or goods which are not covered under GST. These include Education Cess on Imported Goods, Secondary and Higher Education Cess on Imported Goods, Cess on Crude Petroleum Oil, Additional Duty of Excise on Motor Spirit and diesel oil (Road Cess), Special Additional Duty of Excise on Motor Spirit and NCCD on Tobacco and Tobacco Products and Crude Petroleum Oil
- In the 2015-16 Budget, the government had abolished education cess, including secondary and higher education cess on taxable services
- In the 2017-18 Budget, the Central Government abolished Research and Development cess by amending the Research and Development Cess Act, 1986
- Further through the Taxation Laws Amendment Act 2017, the 13 cesses which were abolished included clean energy cess, swachhbharatcess, infrastructure cess, krishikalyancess on rubber, beedis, tea, sugar, water consumed by certain industries and by local authorities and that on manufactured jute goods

17. GST enablers

- Taxmann, a recognised GST Suvidha Provider (GSP) by the government, introduced its GST compliance software, 'One Solution' to help taxpayers, to create masters of all key information in the GST Module of One Solution
- Audit and tax consulting firm EY has introduced an integrated GSP-ASP solution called DigiGST, which seeks to provide organisations with end-to-end GST compliance support and is hosted on Microsoft Azure cloud platform
- Bodhtree Consulting announced a strategic partner with Infosys as an Application Service Provider 'ASP' wherein the clients of Infosys will have an option to utilise GSP platform of Bodhtree Consulting for their GST filings
- Walmart India has launched a GST toll-free helpline to enable its kiranas and other reseller members' transition smoothly into the new tax regime, to address retailers' queries, clarify doubts and explain the nuances of the new tax structure.

CORPORATE GOVERNANCE CORNER

DEVELOPMENTS – JUNE 2017

KENYA ENFORCES STEWARDSHIP CODE FOR INSTITUTIONAL INVESTORS

On June 27, 2017, the Capital Markets Authority of Kenya notified the Stewardship Code for Institutional Investors. The Stewardship Code aimed at improving corporate governance practices in listed companies in the East African nation. This framework is second of its kind in an African Nation after South Africa.

The Stewardship Code's primary intent is to empower Institutional investors to take up the role of stewardship as the representatives of their clients or investors to encourage continuous improvement in corporate governance practices in listed companies and other approved products.

The Stewardship Code is applicable to institutional investors – asset owners and asset managers – investing in securities listed at the Nairobi Securities Exchange.

There are two categories of institutional investors, firstly asset owners who collect and manage funds by way of investing in equities and other capital markets products on behalf of their beneficiaries or clients.

Institutional investors are also asset managers who provide fund management and other investment services on behalf of their clients.

The enactment of the Stewardship Code is a strong statement of the Government's support for ongoing corporate governance reforms in the capital markets. Its design, development and drafting were spearheaded by the Capital Markets Authority (CMA) through a special industry committee appointed by the CMA Board.

The development of the framework is the final component of the corporate governance reforms instituted by the Capital Markets Authority in 2012. This included the enactment of a new Code of Corporate Governance Practices for public issuers of securities.

The World Bank Group and International Finance Corporation were key partners, who provided technical and financial assistance for all components of the governance reform instituted by the Capital Markets Authority.

The Stewardship Code will complement the existing reporting and assessment templates for enforcement and oversight of sound governance practices under the Corporate Governance Code through using the information reported to inform their investment and voting decisions as well as to proactively engage management and the boards of investee entities.

The Stewardship Code is available at **Gazette Notice No. 6016** on link provided below:-

http://kenyalaw.org/kenya_gazette/gazette/volume/MTUwOA--/Vol.CXIX-No.81

SEBI FORMS NEW COMMITTEE ON CORPORATE GOVERNANCE

On June 2, 2017, the Securities and Exchange Board of India has set up a Committee on Corporate Governance with Uday Kotak, the Managing Director of Kotak Mahindra Bank, as the Chairman of the Committee.

The other members of the Committee are the representatives of corporate India, stock exchanges, professional bodies, Investor groups, Chamber of commerce, law firms, academicians and research professionals.

The Committee will be making recommendations to SEBI with an aim to improve the standards of corporate governance of the listed companies in India on the following issues:-

1. Ensuring independence in spirit of Independent Directors and their active participation in functioning of the company;
2. Improving safeguards and disclosures pertaining to Related Party Transactions;
3. Issues in accounting and auditing practices by listed companies;
4. Improving effectiveness of Board Evaluation practices;
5. Addressing issues faced by investors on voting and participation in general meetings;
6. Disclosure and transparency related issues;
7. Any other matter, as the Committee deems fit pertaining to corporate governance in India.

The committee shall endeavour to submit the report within a period of four months.



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For Board Directors

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- And more...

... acquiring **BoardEye** should facilitate listed companies with busy boards to assist their directors in executing their duties to the company more effectively and efficiently.

BoardEye fully supports the secretarial team ... far more comfortably than before, whether its planning meetings, conducting them or implementing effects of the meeting later.

~ Dr KR Chandratre

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