

# CORPORATE COMPLIANCE MANAGEMENT FOR CENTRAL PUBLIC SECTOR ENTERPRISES MANUAL



**THE INSTITUTE OF  
Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**

Statutory body under an Act of Parliament



August 2018

Price : Rs. 300/-

© THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

*Disclaimer*

Due care has been taken to avoid errors or omissions in this publication. In spite of this, errors may still persist. Any mistake, error or discrepancy if noted, may be brought to the notice of the Institute, which shall be taken care of in next edition.

The Institute shall not be responsible for any loss or damage resulting from any action taken on the basis of this publication. To avoid any doubt, it is suggested that the reader should cross-check the contents of this publication with original Government notifications.

**Published by :**

**THE INSTITUTE OF COMPANY SECRETARIES OF INDIA**

ICSI House, 22, Institutional Area, Lodi Road, New Delhi - 110 003

**Phones** : 41504444, 45341000, **Fax** : 24626727

**Website** : [www.icsi.edu](http://www.icsi.edu), **E-mail** : [info@icsi.edu](mailto:info@icsi.edu)

Laser typesetting at: AArushi Graphics

Printed at: India Offset/100/August 2018

सीमा बहुगुणा, भा. प्र. से.  
सचिव  
**SEEMA BAHUGUNA, IAS**  
SECRETARY



भारत सरकार  
लोक उद्यम विभाग  
भारी उद्योग एवं लोक उद्यम मंत्रालय  
Government of India  
Department of Public Enterprises  
Ministry of Heavy Industries & Public Enterprises



### Message

It gives me great pleasure to note that the Institute of Company Secretaries of India (ICSI) is publishing a manual on "Corporate Compliance Management for Central Public Sector Enterprises".

The Companies Act, 2013 has prescribed a new and comprehensive paradigm of corporate governance framework in the country. The company secretary plays an important role in ensuring effective implementation of corporate governance standards in corporate entities including Central Public Sector Enterprises (CPSEs). Compliance with prevailing laws, rules, regulations, guidelines, etc. is an essential element of good corporate governance practices. In this backdrop, I am sure that this manual would be a useful guide for the professionals working in legal, secretarial and compliance functions in their respective companies.

I am sure that the Institute of Company Secretaries of India will continue to take similar laudable initiatives to establish good governance practices in the corporate sector and I wish them success in such endeavours.

  
(Seema Bahuguna)



# PREFACE

---

Every organizational set up requires effective corporate compliance management system in view of the changing dynamics of various regulations from time to time. The corporate compliance management primarily involves the strategies specially designed to detect and prevent violation of laws. Today's business structures are complex and a small interplay of multiple factors, if not analyzed well, could pose challenges in achieving desired business results. Therefore, the corporate India has realized the significance of compliance management as an exclusive tool for greater accountability in governance.

With this backdrop, The Institute of Company Secretaries of India, (ICSI), has taken this initiative to prepare a manual on **"Corporate Compliance Management for CPSEs"**. This publication aims to comprehensively capture compliance aspects related to Central Public Sector Enterprises. The Corporate Compliance Management and adherence to Corporate Governance norms are essential elements of building sustainability in CPSEs. The scope of this study is to capture the trends of Corporate Governance focusing on the perspective of Department of Public Enterprises in implementing best practices of compliance management in Central Public Sector Enterprises.

This manual, is an attempt to list and present the latest compliances and governance requirements for CPSEs in a systematic manner for being used as ready referencer by all concerned. To begin with, the study focuses on the genesis of public sector in India, its growth pattern, initiatives taken by the Government of India over the years in stimulating industrial growth and the glimpses on the financial performance of Central Public Sector Enterprises. Further, part of the study elaborates on specific concerns of corporate governance with reference to nature of relationship with controlling Ministry, vigilance mechanism, the composition, power and size of the Boards, the process and time taken for appointments of CMDs and Directors, formation of working of various committees as per DPE guidelines in CPSEs. The details on the key financial parameters which are prominent indicators for the progress of the CPSEs are also covered in this study.

The chapter on Analysis and Interpretation covers, the impact of the exemptions granted to the CPSEs on the working of the industry and presents the financial analysis of selected CPSEs using various statistical tools. The Return on Equity generated by various companies covered under CPSEs has been analysed using DuPont Analysis. The major findings of the study lays thrust on the simplification of procedural norms for governance in government companies, with focus given on amendments suggested by various committees and DPE guidelines 2015 on Corporate Governance.

I commend the dedicated efforts put in by Dr. Sapna Malhotra, Deputy Director-Strategies and Mr. Akinchan. B. Sinha, Assistant Director, for preparing the manuscript of the manual and finalizing for printing under the guidance and supervision of CS Sonia Bajjal, Director, Professional Development, Perspective Planning and Studies.

I am confident that this manual will prove to be of immense benefit to companies and professionals working in CPSEs.

**CS Makarand Lele**

President

The Institute of Company Secretaries of India

Place : New Delhi

Date : August 23, 2018

## TABLE OF CONTENTS

Chapter No.	Title	Page No.
1.	Introduction	1-12
2.	Corporate Governance in the CPSEs	13-20
3.	Corporate Performance Management of CPSEs	21-65
4.	Corporate Compliance Management	66-207
5.	Analysis and Interpretation	208-233
6.	Major Findings, Recommendations and Conclusions	234-238
	ANNEXURES	239-257
	LIST OF TABLES	258-260
	LIST OF FIGURES	261
	LIST OF ANNEXURES	262
	LIST OF ABBREVIATIONS	263
	WEBLIOGRAPHY	264-266



# INTRODUCTION

## 1.1 Overview

This chapter attempts to explicate the genesis of public sector in India, its growth, structure, and initiatives taken by the government over the years. Public sector enterprises have been set up to serve the broad macro-economic objectives of higher economic growth, self sufficiency in production of goods and services, long term equilibrium in balance of payments and low and stable prices. Many of the CPSEs are also in the allocative business of natural resources.

## 1.2 History of Public Sector Enterprises

Before 1947, there was virtually no public sector in India. The only examples worthy of mention were the Railways, the Posts and Telegraphs, the Port Trusts, the Ordnance and Aircraft factories and a few state managed organizations such as, Government Salt factories, Quinine factories, etc. The concept of economic development needs to be engendered by the State actually managing the industrial undertakings did not gain foothold prior to 1947, despite the fact that the concept of planning was very much discussed as far back as 1931. However, in the post-independence period, the growth of public sector was undertaken as an integral component of the Industrial Policy of 1956.

In 1947, when India gained independence, the country was grappling with varied socio-economic issues which required to be tackled with in a planned and systematic way. India at that time was basically an agrarian economy with a frail industrial base, low level of savings, insufficient investments and paucity of infrastructure facilities. There existed substantial inequalities in income and levels of employment, glaring regional imbalances in economic development and shortage of trained human capital. As such, State's intercession in all sectors of the economy was desirable and unavoidable since private sector neither had the resources, managerial and neither scientific skill, nor the will to embrace the risks linked with large, long-gestation investments.

Among the urgencies before the Government at that time were –

- a) Rapid economic development and industrialization of the country and creating the requisite infrastructure for economic development.
- b) Eradication of poverty and equitable distribution of income, broader ownership of economic manpower to avert its concentration in a few hands.
- c) Creation of employment opportunities.
- d) Removal of regional imbalances.
- e) Accelerated growth of agricultural and industrial production.

- f) Optimum utilization of natural resources.
- g) Assist the development of small scale and ancillary industries.
- h) Encourage import substitutions.
- i) Save and earn foreign exchange for the economy,

Given the kind and range of issues witnessed by the country on economic, social and strategic fronts, it compelled the Government to use public sector as a catalyst for self-reliant economic growth.

The history of public sector enterprises in India can be broadly categorized into three phases. These phases reflect the ideology of relevant political leadership of that time and the economic compulsions of the State. The brief description of the various stages is as follows:-



### Phase 1 – 1950-69

In this phase seeds were laid to build modern India with a strong industrial base. It required a very strong and indigenous capital goods sector for India to make it self-sufficient in the long run. The growth models of the time were heavily influenced by the economic growth models, namely, the Harrod-Domar model and the Feldman-Mehalonobis model. The latter development model broadly argued for the creation of a strong indigenous capital goods sector, which could not, however, be undertaken by the then India's fledgling private sector. It was in response to this that the State stepped in with a vision of a mixed economy approach, in which both the public sector and the private sector had definite roles to play.

### Phase 2 – 1969-1984

In this phase, public sector enterprises were seen as an instrumentality of the State. The State also nationalized private sector companies (e.g. coal mining where safety norms were below standards). Along with a strong import substituting industry (ISI) development policy and the policy of licensing for industries, monopolies got created both in the public as well as the private sectors. The ISI model sought to make the country self-sufficient. High tariffs were also imposed on imports to help the domestic industry grow. Growth of private sector enterprises was also heavily regulated through licensing, import controls, and MRTP regulations. Since profit was not a key level of performance for CPSEs and attention was paid more to the adherence to rules, there was an in-built bias against risk taking. By early 1980s, it had become clear that the government could not support CPSEs at their prevailing level of economic performance.

### Phase 3 -1984 to Present

The reforms of 1991, inter-alia, aimed at improving efficiencies in the public sector enterprises and reducing the fiscal deficit. Moreover, post 1991 reforms, the sectors retained exclusively for the public sector were progressively reduced; even in sectors where they enjoyed monopoly, competition was introduced. The public sector was increasingly told to cut its dependence on the Government and get listed on the stock exchanges for raising funds from the capital markets. A few public sector enterprises were also privatized during this period.

## Exploring Further

After the adoption of the Constitution of India and the socio-economic goals, the Industrial Policy was comprehensively revised and embraced in 1956. To meet new challenges, from time to time, it was amended through statements in 1973, 1977 and 1980. The Second Five Year Plan envisioned the public sector in accordance with the socialist pattern of society as the guiding political philosophy. Further, the public sector was expected to work as an instrument for checking concentration of economic power (Pani, 2011). The Second Plan argued that India should create a base in heavy industries which was interpreted to include not merely physical assets but also the development of technical manpower (Planning Commission of India, 1969). Hence, the 1956 Industrial Policy Resolution gave primary role to the state to assume a predominant and direct responsibility for industrial development.

The Fourth Plan mentioned about the setting up of a social and economic democracy. It stated the broad objectives of planning defined in terms of rapid economic development accompanied by continuous progress towards equality and social justice. The Industrial Policy Statement of 1973, inter alia, identified high-priority industries where investment from big industrial houses and foreign companies was allowed. The Industrial Policy Statement of 1977 laid emphasis on decentralization and on the role of small-scale, tiny and cottage industries. The mentioned industrial policy focused on the point that no medium and large-scale enterprises shall be allowed to come into existence in future which will produce goods or services that cottage or small-scale enterprises can produce and no small scale industry shall be allowed to be established which will produce goods or services that cottage enterprise can produce.

The Industrial Policy Statement of 1980 focused attention on the need for promoting competition in the domestic market, technological up-gradation and modernization. The policy laid the foundation for an increasingly competitive export-base and for encouraging foreign investment in high-technology areas.

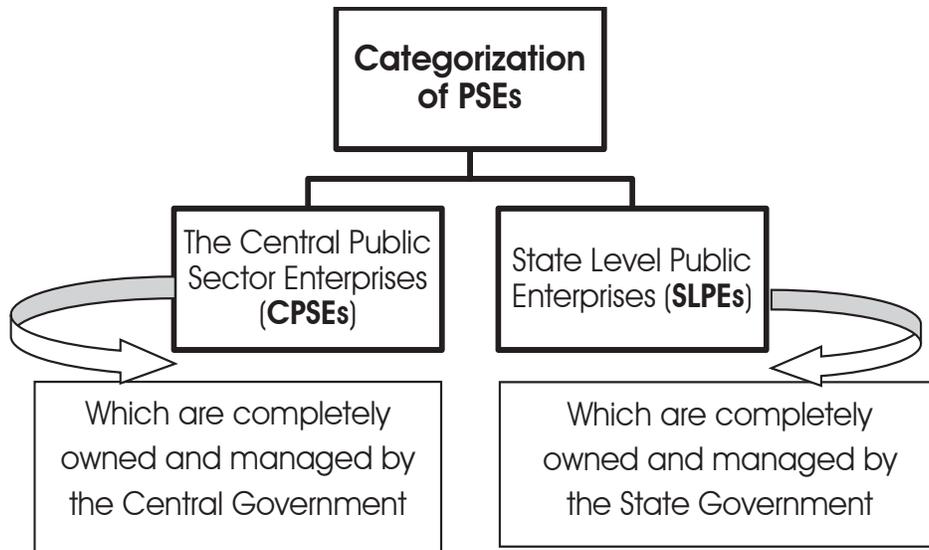
The industrial policies created a climate for rapid industrial growth in the country. Thus on the eve of the Seventh Five Year Plan, a broad-based infrastructure had been built up, and basic industries were established. A high degree of self-reliance in a large number of items such as raw materials, intermediates, finished goods was attained. New growth centers of industrial activity emerged along with a new generation of entrepreneurs. A huge number of engineers, technicians and skilled workers were also trained. The Seventh Plan recognized the need to consolidate on these strengths and to take initiatives to prepare Indian industry to respond effectively to the emerging challenges.

A number of policy and procedural changes were introduced in 1985 and 1986 aimed at enhancing productivity reducing costs and improving quality. The emphasis was on opening the domestic market to increased competition and preparing industry to stand on its own in the face of international competition. The public sector was freed from a number of constraints and given a larger measure of autonomy. The technological and managerial modernization of industry was pursued as the key instrument for increasing productivity and improving our competitiveness in the world. The net result of all these changes was that Indian industry grew by an impressive average annual growth rate of 8.5% in the Seventh Plan period.

Post 1991 a series of initiatives were taken by the GOI towards economic reforms. GOI gradually disbanded the system of licensing and controls and opened up almost all sectors of economy to private investment, including foreign private investment. With the opening of Indian economy in early 90s, private sector started operations in almost all sectors of economy that were earlier reserved for CPSEs.

### 1.3. Categorization of PSEs

Fig. 1 : Categorization of PSEs



One of the roles assigned to the Department of Public Enterprises is to formulate policy guidelines on the Board structure of public enterprises and advise on the shape and size of organizational structure of the PSEs.

The Public enterprises are categorized into four schedules namely 'A', 'B', 'C' & 'D'. The pay scales of Chief Executives and full time functional Directors of the PSEs are linked with the schedule of the concerned enterprise. The Chief Executive of the enterprise is given the scale of pay attached to the schedule of the company, while the functional Directors are allowed the scale of pay attached to the next below schedule. At times the posts of Chief Executives or functional Directors are upgraded on personal basis so that really capable executives are retained in the PSEs where they had rendered meritorious service. Such arrangements helped in attracting talent for sick or high technology enterprises.

The initial categorization of PSEs, which had commenced in the mid-sixties, was made on the basis of its importance to the economy and complexities of problems. Over the years the Department of Public Enterprises has evolved norms for the purpose of categorization/ re-categorization of the PSEs. Categorization is based on criteria such as quantitative factors like investment, capital employed, net sales, profit, number of employees and qualitative factors like national importance, complexities of problems, level of technology, prospects for expansion and diversification of activities and competition from other sectors. In addition a criterion relating to the strategic importance of the corporation is also taken into account. The present procedure involves consideration of the proposals in the concerned Administrative Ministry and the Department of Public Enterprises which consults the Public Enterprises Selection Board. As on 31st March 2017, there are 331 CPSEs with a total investment of Rs.12,50,373 crore. There are 180 scheduled CPSEs, i.e. 64 Schedule 'A', 67 Schedule 'B', 45 Schedule 'C' and 4 Schedule 'D' CPSEs as on October, 2017. The Cognate Group-wise list of public sector enterprises is shown in the table given below:

Table 1: Cognate Group-wise Enterprises

Sr. No.	Cognate Groups	No. of Enterprises as on	
		31.3.2017	31.3.2016
<b>I</b>	<b>Agriculture</b>		
1.	Agro-based Industries	5	5
<b>II</b>	<b>Mining &amp; Exploration</b>		
1	Coal	8	8
2	Crude Oil	5	5
3	Other Minerals and Metals	11	11
	Total	24	24
<b>III</b>	<b>Manufacturing, Processing and Generation</b>		
1	Steel	4	4
2	Petroleum (Refinery and Marketing)	6	6
3	Fertilizers	7	7
4	Chemicals and Pharmaceuticals	17	17
5	Heavy & Medium Engineering	35	34
6	Transportation Vehicle & Equipment	1	1
7	Industrial & Consumer Goods	13	13
8	Textiles	4	4
9	Power Generation	12	10
	Total	99	96
<b>IV</b>	<b>Services</b>		
1	Power Transmission	8	4
2	Trading and Marketing	20	20
3	Transport & Logistic Services	21	21
4	Contract Construction & Technical Consultancy Services	42	38
5	Hotel & Tourist Services	9	9
6	Financial Services	21	21
7	Telecommunication Services	8	8
V	Enterprises under Construction	74	76
	Total (I+II+III+IV+V)	331	320

Source: Public Enterprises Survey (2016-17)

### 1.3.1 How Schedules affect?

The pay scales of Chief Executives and full time Functional Directors in CPSEs are determined as per the schedule of the concerned enterprise. For example the Chief Executives of Schedules CPSEs is Rs. 80,000-1, 25000. The new pay scales start from Rs. 12,600-32,500 (for E-0 grade). These are revised rates. The revised pay scales are based upon the recommendations of 2nd Pay Revision Committee.

## 1.4 Listed CPSE's

Listed CPSE's have to follow SEBI guidelines on Corporate Governance. In addition they should follow the DPE guidelines which do not exist in the SEBI Guidelines and do not contradict any of the provisions of the SEBI Guidelines. Listed CPSEs have a higher requirement of compliance in the form of meeting Listing Obligations and Disclosure Requirements (LODR) 2015 Norms.

## 1.5 Non-Listed CPSE's

The Non-Listed CPSE's shall follow the provisions given in the DPE guidelines on Corporate Governance.

## 1.6 Status for Public Sector Undertakings

The status of Maharatna, Navratna, Miniratna to CPSEs is conferred by the Department of Public Enterprises. These prestigious titles provide them greater autonomy to compete in the global market.

### 1.6.1 Maharatna

A company qualifying for the Maharatna status should have an average annual turnover of Rs 20,000 crore during the last three years against Rs 25,000 crore prescribed earlier. The average annual net worth of the company should be Rs 10,000 crore. The Maharatna status empowers mega CPSEs to expand their operations and emerge as global giants. The coveted status empowers the boards of firms to take investment decisions up to Rs 5,000 crore as against the present Rs 1,000 crore limit without seeking government approval. The Maharatna firms are free to decide on investments up to 15% of their net worth in a project, limited to an absolute ceiling of Rs 5,000 crore.

### 1.6.2 Navratna

The Central Public Sector Enterprises (CPSEs) fulfilling the following criteria are eligible to be considered for grant of Navaratna Status:

- Having Schedule 'A' and Miniratna Category-1 status.
- Having at least three 'Excellent' or 'Very Good' Memorandum of Understanding (MoU) ratings during the last five years.

The Navratna status empowers PSEs to invest up to Rs. 1000 crore or 15% of their net worth on a single project without seeking government approval. In a year, these companies can spend up to 30% of their net worth not exceeding Rs. 1000 cr. They also enjoy the freedom to enter joint ventures, form alliances and float subsidiaries abroad.

### 1.6.3 Miniratna

For Miniratna category I status, the CPSE should have made profit in the last three years continuously, the pre-tax profit should have been Rs. 30 crores or more in at least one of the three years and should have a positive net worth. For category II, the CPSE should have made profit for the last three years continuously and should have a positive net worth. Category II miniratnas have autonomy to incurring the capital expenditure without government approval up to Rs. 300 crore or up to 50% of their net worth whichever is lower. Miniratnas can enter into joint ventures, set subsidiary companies and overseas offices but with certain conditions. This designation applies to PSEs that have made profits continuously for the last three years or earned a net profit of Rs. 30 crore or more in one of the three years.

## 1.7 Government Company-Definition

Section 2 (45) of Companies Act, 2013 defines a Government company to mean – any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary company of such Government company.

## 1.8 Financial Performance of Central Public Sector Enterprises

In order to ascertain the recent performance of the public sector enterprises it is essential to refer the percentage change in the financial performance for the FY 2015-16 and FY 2016-17.

**Table 2: Aggregate Statement of Profit and Loss of Operating CPSEs**

(In Rs. Crore)

Particulars	2016-17	2015-16	% Change
Revenue from Operations (Gross)			
i. Sale of products	1770166.04	1663947.72	6.38
ii. Sale of Services	144829.32	137584.54	5.26
iii. Other Operating Income	39620.65	331012.47	19.69
Total (i+ii+iii)	1954616.01	1834634.73	6.54
Less: Excise Duty	200073.34	136823.26	46.23
Revenue from Operations (Net)	1754542.7	1697811.5	3.34
Other income	67052.01	66301.33	1.13
<b>Total Revenue (I+II)</b>	<b>1821594.7</b>	<b>1764112.8</b>	<b>3.26</b>
Expenditure on:			
(a) Cost of Materials Consumed	461179.16	420655.27	9.63
(b) Purchase of stock-in-trade	560913.13	554879.5	1.09
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	-30807.15	9096.99	-438.65
(d) Stores & spares			
(e) Power & Fuel	12140	11711.34	3.66
(f) Salary, wages & Benefits/ Employees Expense	86760.23	83500.45	3.90
(g) Other Operating/direct/manufacturing expenses	140376.82	127181.91	10.37
(h) Rent, royalty & Cess			
(i) Los on sale of Assets/Investments	196447.56	190079.28	3.35
(j) Other Expenses			
	36834.72	34139.94	7.89
	478.55	534.94	-10.54
	59793.6	56876.31	5.13
Total Expenditure (IV (a to j))	1524116.6	1488655.9	2.38

(V) PROFIT BEFORE DEPRECIATION, & IMPAIRMENT, FINANCE CHARGES/INTEREST, EXCEPTIONAL & EXTRAORDINARY ITEMS & TAXES (PBDIEET) (III-IV)	297478.06	275456.88	7.99
(VI) Depreciation, Depletion & Amortization	73287.37	67763.75	8.15
(VII) Impairment	-318.08	347.07	-191.65
(VIII) PROFIT BEFORE FINANCE COST/INTEREST, EXCEPTIONAL, EXTRA-ORDINARY ITEMS & TAXES (PBIET) (V+VI+VII)	224508.77	207346.06	8.28
(IX) Finance Cost			
(a) On Central Government Loans	1644.1	1555.21	5.72
(b) On Foreign Loans	5760.36	5833.05	-1.25
(c) Others	50503.32	54757.78	-7.77
(d) Less Finance Cost Capitalised	10802.65	10697.08	0.99
(e) Charged to P&L Account (a+b+c+d)	47105.13	51448.96	-8.44
X PROFIT BEFORE EXCEPTIONAL & EXTRA-ORDINARY ITEMS & TAX (PBEET) (VIII-IXe)	177403.64	155897.1	13.80
XI Exceptional Items	-3645.16	7766	-146.94
XII PROFIT BEFORE EXTRA-ORDINARY ITEMS AND TAX (PBET) (X-XI)	181048.8	148131.1	22.22
(XIII) Extra Ordinary Items	-37.89	-9553.04	-99.60
(XIV) PROFIT BEFORE TAX (PBT) (XII-XIII)	181086.69	157684.14	14.84
(XV) TAX PROVISIONS	532666.15	43652.76	22.02
(XVI) NET PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS AFTER TAX (XIV-XV)	127820.54	114031.38	12.09
(XVII) Profit/Loss from discontinuing operations	-219.06	207.2	-205.72
(XVIII) Tax expenses of discontinuing operations	-0.38	-0.37	2.70
(XIX) Profit/Loss from discontinuing operations (after tax) (XVII-XVIII)	-218.68	207.57	-205.35
(XX) Profit/Loss for the period (XVI+XIX)	127601.86	114238.95	11.70

### Interpretation

The above table presents comparison of the aggregated net profit of all 320 CPSEs. There is a rise of 12.09% in the profit after tax of FY2015-16 and FY2016-17. In other words, there is an increase in PAT by INR 13789.16 crore. The net profit of operating CPSEs has increased from 81,274 crore in FY 2007-08 to 1,27,602 crore in FY 2016-17.

During the FY2016-17 the number of profit making CPSEs have increased to 174 from 164 CPSEs in previous year and the number of loss making CPSEs has increased from 79 in FY2015-16 to 82 in FY2016-17. The loss of loss making CPSEs stands at Rs. 25,045 crore in FY 2016-17 as compared to Rs. 30,759 crore in FY 2015-16 showing a decrease of 18.58%.

Regarding other financials, the Gross Turnover of CPSEs has increased in 2016-17 by 6.54% to 19,54,616 crore from 18,34,635 crore in 2015-16, whereas profit of profit making CPSEs increased by 5.28% to Rs. 1,52,647 crore in 2016-17 from Rs. 1,44,998 crore in 2015-16.

The Manufacturing, Processing & Generation sector has a major share of 48.72% of the total net profits earned by CPSEs during 2016-17 followed by Mining & Exploration sector (37.14%) and Services Sector (14.18%). The cognate group-wise analysis shows that Petroleum (Refining & Marketing) cognate group contributed 31.45% to the net profit for the year 2016-17 followed by Coal (18.48%), Power Generation (16.14%), Crude Oil (15.62%) and Financial Services (8.71%). The total gross turnover has increased from Rs.1,096,308 crore in 2007-08 to Rs.1,954,616 crore in 2016-17.

**Table 3: Aggregate Balance Sheet of Operating CPSE's**

BALANCE SHEET PARTICULARS	In Rs (Crore) As on 31/03/2017	As on 31/03/2016	% Change
<b>I. EQUITY AND LIABILITIES AUTHORISED CAPITAL</b>	<b>421772.48</b>	<b>335016.94</b>	<b>25.90</b>
<b>1. Shareholders Funds</b>			
(a) Share Capital	151116.16	137737.57	9.71
(i) Central Govt			
(ii) Others			
(b) Reserves and Surplus	65037.22	54362.89	19.64
(c) Money received against share warrants	923227.49	898338.92	2.77
<b>Total Shareholder's Funds (1(a)+ 1(b)+ 1(c))</b>	<b>1139380.87</b>	<b>1090439.38</b>	<b>4.49</b>
<b>2. Share Application Money pending Allotment</b>	<b>5960.62</b>	<b>6146.16</b>	<b>-3.02</b>
<b>3. Non-current Liabilities</b>			
(a) Long Term Borrowings	999583.02	940732.55	6.26
(b) Deferred tax liabilities (net)	73279.80	65748.75	11.45
(c) Other Long-Term Liabilities	167722.55	100728.23	66.51
(d) Long-Term Prov	113393.01	108416.40	4.59
<b>Total Non-Current Liabilities 3(a) to 3(d)</b>	<b>1353978.38</b>	<b>1215625.93</b>	<b>11.38</b>
<b>4. Current Liabilities</b>			
(a) Short term borrowings	231723.53	224507.49	3.21
(b) Trade Payables	173864.03	176684.78	-1.60
(c) Other current liabilities	436041.30	429858.93	1.44
(d) Short term provisions	68831.59	51715.49	33.10
<b>Total Current Liabilities 4(a) to 4(d)</b>	<b>910460.45</b>	<b>882766.69</b>	<b>3.14</b>
<b>TOTAL EQUITY AND LIABILITIES (1+2+3+4)</b>	<b>3409780.32</b>	<b>3194978.16</b>	<b>6.72</b>

<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Total Gross Fixed Assets	1442901.85	1306387.20	10.45
(ai) accumulated depreciation, depletion and amortization	387782.11	340765.46	13.80
(aii) Accumulated Impairment	5534.91	5621.69	-1.54
(b) Total net fixed assets (a-ai-aii)	1049584.83	960000.05	9.33
(c) Capital work in progress	301640.13	303822.60	-0.72
(d) Intangible assets under development	41824.58	39415.98	6.11
(e) Non-current investments	225051.47	170528.87	31.97
(f) Deferred Tax Assets (net)	24571.31	19809.86	24.04
(g) Long-term loans and advances	692948.52	639330.00	8.39
(h) Other non-current assets	67834.12	60104.70	12.86
<b>Total Non-Current Assets (b+c+d+e+f+g+h)</b>	<b>2403454.96</b>	<b>2193012.05</b>	<b>9.60</b>
<b>2. Current Assets</b>			
(a) Current Investments	28555.79	25271.85	12.99
(b) Inventories	285216.11	257768.29	10.65
(c) Trade Recievables	238076.15	200060.62	19.00
(d) Cash and Bank Balance	194802.45	239170.73	-18.55
(e) Short term Loans and Advances	48456.06	43309.91	11.88
(f) Other Current Assets	211218.80	236384.71	-10.65
<b>Total Current Assets (a+b+c+d+e+f)</b>	<b>1006325.36</b>	<b>1001966.11</b>	<b>0.44</b>
<b>TOTAL ASSETS (1+2)</b>	<b>3409780.32</b>	<b>3194978.16</b>	<b>6.72</b>

Source: Public Enterprises Survey (2016- 2017)

## Interpretation

Total Liabilities/Total Assets of all operating CPSE's stood at Rs. 3409780.32 crores as on 31.03.2017 against Rs. 3194978.16 crores recording an increase of 6.72%. As seen in the above table maximum increase is noted in other long term liabilities (66.51%), followed by short term provisions (33.10%), non current investment (31.97%) and Deferred Tax Assets (24.04%).

## Sector Statistics

1. Total Paid-up Capital in 331 CPSEs as on 31.3.2017 stood at Rs. 2,33,112 crore as compared to Rs. 2,04,763 crore as on 31.3. 2016 (320 CPSEs), showing a growth of 13.84%.
2. Total Investment (Financial) in all CPSEs stood at Rs. 12,50,373 crore as on 31.3.2017 compared to Rs. 11,61,019 crore as on 31.3.2016, recording growth of 7.70%.
3. Capital Employed in all CPSEs stood at Rs. 21,74,120 crore on 31.3.2017 compared to Rs. 20,59,529 crore as on 31.3.2016 showing a growth of 5.56%.
4. Total Gross Revenue from Operation of all CPSEs during 2016-17 stood at Rs 19,54,616 crore compared to Rs.18,34,635 crore in the previous year showing a growth of 6.54 %.
5. Total Income of all CPSEs during 2016-17 stood at Rs.18,21,809 crore compared to Rs. 17, 64,232 crore in 2015-16, showing a growth of 3.26%.
6. Profit of profit making CPSEs (174 CPSEs) stood at Rs.1,52,647 crore during 2016-17 compared to Rs.1,44,998 crore in 2015-16 showing a growth in profit by 5.28%.
7. Loss of loss incurring CPSEs (i.e 82 CPSEs) stood at Rs. 25,045 crore in 2016-17 compared to Rs. 30,759 crore in 2015-16 showing a decrease in loss by 18.58 %
8. Overall Net Profit of all 257 operating CPSEs during 2016-17 stood at Rs. 1,27,602 crore compared to Rs. 1,14,239 crore during 2015-16 showing a growth in overall profit of 11.70%.
9. Reserves & Surplus of all CPSEs went up from Rs. 8,98,510 crore in 2015-16 to Rs. 9,23,747 crores in 2016-17, showing an increase by 2.81 %.
10. Contribution of CPSEs to Central Exchequer by way of excise duty, customs duty, corporate tax, interest on Central Government loans, dividend and other duties and taxes increased from Rs. 2,75,841 crore in 2015-16 to Rs. 3,85,579 crore in 2016-17, showing a growth of 39.78%.
11. Foreign Exchange Earnings through exports of goods and services increased from Rs. 76,644 crore in 2015-16 to Rs. 87,616 crore in 2016-17, showing an increase of 14.32%.
12. Foreign Exchange Outgo on imports and royalty, know-how, consultancy, interest and other expenditure increased from Rs. 3,86,957 crore in 2015-16 to Rs. 4,59,210 crore in 2016-17 showing an increase of 18.67%.
13. Net Worth of all CPSEs went up from Rs. 10,79,753 crore as on 31.03.2016 to Rs. 11,07,981 crore as on 31.03.2017 showing an increase of 2.60%.
14. CPSEs Employed 11.31 lakh people (excluding casual and contractual workers) in 2016-17 compared to 11.85 lakh in 2015-16, showing a reduction in employee strength by 4.60%.
15. Salary and Wages went up in all CPSEs from Rs. 1,27,182 crore in 2015-16 to Rs. 1,40,384 crore in 2016-17 showing a growth of 10.38%.

16. Total Market Capitalization (M-Cap) of 50 CPSEs traded on stock exchanges of India is Rs. 17,76,235 crore as on 31.03.2017 as compared to Rs. 12,94,245 crore as on 31.03.2016 showing an increase of 37.24%.
17. M-Cap of CPSEs as per cent of BSE M-Cap increased from 13.66% as on 31.3.2016 to 14.61% as on 31.3.2017.

# CORPORATE GOVERNANCE IN THE CPSEs

## 2.1 Introduction

The corporate world has witnessed constant pressure for professionalization of boards in the interests of robust governance. Accordingly, the governance framework of corporations is increasingly getting aligned with the best practices in corporate governance. Good corporate governance ensures transparency, veracity, responsibility, accountability and long-term strategic plans, effective risk management plans and corporate social responsibility (CSR).

Corporate Governance as a concept is fast rising as a decisive conceptual tool to control, contain and also facilitate corporate operations across the world. In today's scenario of globalization which is dominated by the flows of global capital, corporate governance act as a catalyst in assuring investors (both individual and institutional) that the corporation does not intend to misuse their money in their operations. The structure of corporate governance follow that the corporate entities do not involve in fraud and continue to grow and earn profits. The public sector utilities with important social responsibilities to fulfill other than make profits also come under the scanner because they use the taxpayers' money for their operations. The non-government organizations use donor moneys for their non-profit programmes and are answerable to the donors for proper and befitting use of funds.

Corporate governance has occupied the center stage in the Boards of companies across the globe. As institutional investments from financial institutions like lending institutions, insurance companies, and pension funds are growing, investors have been increasingly demanding transparency in company accounts, fair treatments and periodic updates about the company's performance. Corporate governance, however, does not imply protecting the interests of investors alone; it aims at attaining fairness and transparency in transactions with all the stakeholders including customers, work force, investors, vendors, government and the society at large.

Corporate governance involves an assorted set of relationships between management of firm, its board, its shareholders and other stakeholders and provides an ethical process and defined structure through which the objectives of the firm, the methods of accomplishing such objectives, and systems of monitoring performance are also set. Corporate governance implies commitment to values, ethical business conduct, and transparency and makes a differentiation between personal and corporate funds in the management of a firm. Corporate governance stands for responsible business management for long-term value creation. Good corporate governance is an important driver of sustainable corporate growth and long-term competitive advantage (Madhani, 2008). Quite recently, corporate governance has received growing attention both in academic research and in practice (e.g., Blue Ribbon Committee Report 1999; Ramsay Report 2001; Bebchuk and Cohen, 2004).

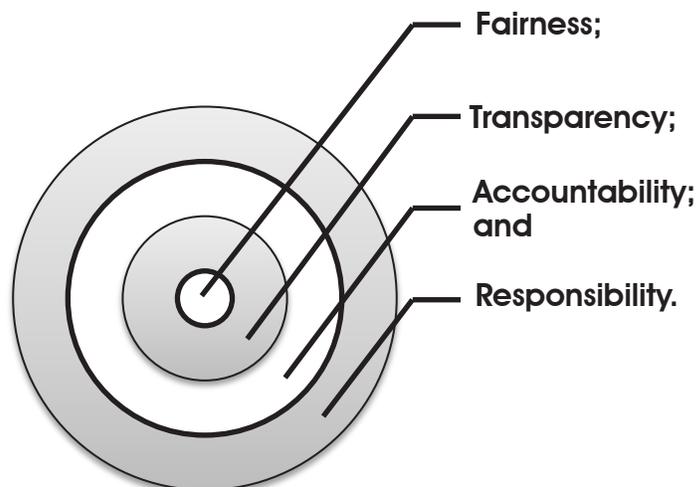
Figure 2: Corporate Governance Framework



With reference to the corporate governance in public sector enterprises of India, it is to be noted that the role and responsibilities of public sector have undergone a sea change, since the onset of LPG (Liberalization, Privatization and Globalization) era. Several CPSEs, especially, the Maharatna and Navratna have crossed the shores. Consequently, the magnitude of competition have increased for them.

Figure 3: Four Pillars of Corporate Governance

#### Four Pillars of Corporate Governance



Before the onset of corporate governance code, PSEs were required to adhere with numerous rules and regulations under an elaborate system of Parliamentary and Government control. They have moved an extra mile and took structured measures, beyond mandatory stipulations, for the advantage of different stakeholders.

It is worthy to note that India espoused the mixed economy model to development that allowed for the role of both public and private sectors. In light of huge poverty all round, on the eve of the First Five Year Plan, the major concern of economic planners was that of augmenting investment in the economy for higher growth. Public sector investment, in this scheme of things, has often been the residual investment. An added advantage of a growth model based on public sector investment has been that it is more inclusive and equitable. Most of the public sector enterprises were, moreover, set up as companies, and are observed to have been moulded on the corporate practices in the (best) private sectors. Public sector enterprises are, nonetheless, distinct from private sector companies as they are subject to the general financial rules (GFR) and other rules applicable in the Government. They are also required to be seen as 'fair' to one and all in matters of purchase, sales, and recruitments etc. At the same time, these enterprises are very distinct from the departmental undertakings. Unlike the departmental undertakings, they do not have a claim on the consolidated fund of the State and their earnings likewise remain with them (in their accounts) rather than deposited in the consolidated fund of the State. When India gained independence, there was huge paucity of capital in the country and entrepreneurship was lacking too. It was during that time when the then policy makers decided to establish large scale industries in the capital goods sector, primarily in the public sector. The government also embraced the trajectory of deficit financing to procure resources despite the fear of inflation. Key initiatives were undertaken and numerous public enterprises in the heavy industries, steel, hydro-carbon, nuclear power and fertiliser were set up under the various Five Year Plans. These enterprises were called upon to serve multiple objectives. Higher turnover and higher profits did not reflect at all, in the context of priorities of these enterprises. Management in the public sector enterprises has therefore been a greater challenge. In spite of these limitations, these entities have contributed greatly in building a new India.

## 2.2 DPE Guidelines on Corporate Governance

According to the DPE guidelines on Corporate Governance (March, 2010) the CPSEs are required to adhere to the principles of Corporate Governance in ensuring transparency and enhancing the trust of stakeholders. There is a continued need to adopt and apply the good Corporate Governance practices in respect of the CPSEs wherein huge public funds are invested.

During the year 2013-14 DPE finalized the grading of CPSEs on the basis of their compliance with guidelines on Corporate Governance for CPSEs. In the context of the policy of the government to grant more autonomy to the CPSEs and encourage them to access the capital markets for their fund requirement, Corporate Governance has become even more important. Under the recently introduced Maharatna Scheme, CPSEs are expected to expand international operations and become global giants, for which effective Corporate Governance is imperative.

The Planning Commission had constituted a "Panel of Experts on Reforms in Central Public Sector Enterprises (CPSEs)" vide their Order No. 1&M 14(30)/2010 dated 13.08.2010. The Panel of Experts was required to examine a range of issues inter-alia relating to HR & Corporate Governance, MOU system, effective partnerships with private sector, diversifications, mergers & consolidation, technology mapping in CPSEs and to suggest a road-map for further development of these enterprises.

The DPE guidelines are applicable to all CPSEs and cover revised rules regarding composition of Board of CPSEs, Audit Committee, Remuneration Committee, Subsidiary Companies, Disclosures, Code of Conduct and Ethics, Risk Management and Reporting, Monitoring the compliance of guidelines by the CPSEs and

formation of Remuneration Committee. Further DPE has taken initiatives to grade CPSEs on the basis of their compliance with guidelines.

This chapter appropriately focuses on the suitable modifications to bring them in line with prevailing laws, regulations, acts, etc., from time to time that are based on relevant changes in Companies Act 2013, and provisions under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (LODR) along with the DPE guidelines.

## **BOARD OF DIRECTORS (PROVISIONS UNDER COMPANIES ACT 2013) AS AMENDED BY COMPANIES AMENDMENT ACT 2017**

The section covers provisions related to the Appointment of Directors with specific reference to Public Sector Enterprises and the exemptions granted to the companies.

### **2.3 COMPOSITION OF THE BOARD**

Every company shall have Board of Directors consisting of individuals as directors and shall have in case of public company, **a minimum number of three directors** of which at least one woman director should be appointed. Further, every company shall have at least one director who stays in India for a total period of **not less than one hundred and eighty-two days** during the financial year. However, in case of a newly incorporated company the requirement under this sub-section shall apply proportionately at the end of the financial year in which it is incorporated. **[Section 149 under Companies Act, 2013]**

#### *Exemptions Granted to CPSEs*

In case of Government companies section 149 (1) (b) and first proviso to section 149 (1) shall not apply. **[Notification No GSR 463 (E) dated 5-6-2015]**

*Section 149 (3) is substituted with the following sub-section namely :*

Every company shall have at least one director who stays in India for a total period of not less than one hundred and eighty two days during the financial year.

Provided that in case of a newly incorporated company the requirement under this sub-section shall apply proportionately at the end of the financial year in which it is incorporated.

#### **2.3.1 Appointment of Independent Directors**

Every listed public company shall have at least one-third of the total number of directors as independent directors and the Central Government may prescribe the minimum number of independent directors in case of any class or classes of public companies. **[Section 149(4) under Companies Act, 2013]**

*Independent Director* : According to Section 149 (6) under Companies Act, 2013, an independent director in relation to a company means a director other than a managing director or a whole time director or a nominee director:

- Who in the opinion of the “Ministry or Department of the Central Government”, is a person of integrity and possesses relevant expertise and experience. **[Section 149 6 (a)]**
- Who is or was not a promoter of the company or its holding subsidiary or associate company. **[Section 149 6 (b) (i)]**
- Who is not related to promoters or directors in the company, its holding, subsidiary or associate company. **[Section 149 6 (b) (i)]**

- Who has or had no pecuniary relationships, other than remuneration as such director or having transaction not exceeding ten per cent of his total income or such amount as may be prescribed with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year. **[Section 149 6 (c)]**
- None of whose relatives –
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year.  
  
**Provided**, that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
  - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

**[Section 149 6 (d)]**

- Who, neither himself nor any of his relatives
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;  
  
Provided, that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - a) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - b) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
  - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters,

directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

- Who possesses such other qualifications as may be prescribed.

#### *Exemptions Granted to CPSEs*

In case of government companies in section 149, in sub-section 6 in clause (a) for the word “Board”, the words “Ministry or Department of the Central Government” which is administratively in-charge of the company, or as the case may be, the State Government” shall be substituted. **[Notification no GSR 463 (E) dated 5-6-2015]**

In case of government companies **Section 149 (6) (c)** shall not apply. **[Notification no GSR 463 (E) dated 5-6-2015]**

### **2.3.2 Appointment of Women Director**

Every listed company shall appoint at least one woman director.

Every other public company having :

- a paid up share capital of one hundred crore rupees or more or
- turnover of three hundred crore rupees or more,

shall appoint at least one woman director.

Every company which has been incorporated under the act and is covered under the provision of the second proviso to sub-section 1 of section 149 shall comply with such provisions within a period of six months from the date of its incorporation. Any intermittent position of a Woman Director shall be filled up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later.

#### *Exemption Granted to Unlisted Public Company*

In case of an unlisted public company which is licensed to operate by RBI or SEBI or IRDA from the International Financial Services Centre located in an approved multi services SEZ set-up under the SEZ Act, second proviso to sub-section 1 of section 149 shall not apply. **[Notification no GSR 8 (E) dated 4-1-2017]**

### **2.3.3 Appointment of Functional Directors**

Functional Directors including the Chief Executives of the CPSEs are appointed by the concerned Administrative Ministries/Departments on the basis of recommendations of the Public Enterprises Selection Board (PESB).

The Public Enterprises Selection Board was constituted by the Government of India vide its Resolution dated 3.3.1987.

As per GOI Resolution, the PESB shall consist of a part time or full-time chairperson and three full-time Members. The Chairperson and Members are those who have had a long and distinguished career in management of public or private corporations or public administration, and have had a proven record of achievements, preferably, in the field of personnel, finance, production or marketing.

#### **Objective of PESB**

Evolving a sound managerial policy for the Central Public Sector Enterprises and, in particular, to advise Government on appointments to their top management posts.

The Government has streamlined the procedure for selection and appointment of Functional Directors on the Boards of CPSEs. The procedure for confirmation and extension of tenure of Board level incumbents of CPSEs has also been simplified and streamlined by the Government.

It has been mandated that the Board meetings are to be held at least once in every 3 months and at least 4 such meetings are held in a year and all relevant information is to be given to the Board. Further, the Board should lay down a code of conduct for all members and senior management. In this regard, a model Code has been incorporated in the Guidelines to assist the CPSEs. The Guidelines inter-alia provides that the Board should ensure integration and alignment of risk management system and the company should undertake suitable training programmes for its new Board Member. The provisions relating to Audit Committee require a qualified and independent Audit Committee to be set up by CPSEs with minimum three Directors as Member. Further, two-third of the members of this Committee should be Independent Directors with an Independent Director as Chairman. The Audit Committee has been given extensive powers with regard to financial matters of company and is required to meet at least 4 times in a year. With regard to subsidiary companies, it has been provided that at least one Independent Director of holding company will be a Director on the Board of subsidiary company, and the Audit Committee of holding company will review financial statements of subsidiary company. All significant transactions and arrangements of subsidiary companies are required to be brought to the attention of the Board of Directors of the holding company.

## 2.4 Audit Committee

Section 177 (3) of Companies Act 2013, states that every audit committee of a company existing immediately before the commencement of this act shall, within one year of such commencement, be reconstituted in accordance with the sub-section (2) of section 177. In case of government companies, the audit committee can only provide recommendation for remuneration [Section 177 (4) i]. The board's report shall disclose the composition of the audit committee and any non-acceptance of the recommendation of the audit committee shall be disclosed in the board report along with the reasons thereof [Section 177 (8)]. Sub Section 4, 5, 6, 7, 8, 9 & 10 lists the various roles, responsibilities and procedures of the audit committee. Sub Section 9 & 10 lays down the procedure for addressing genuine concerns by forming a Vigil Mechanism. The details of establishment of such mechanism shall be disclosed by the company on its website, if any and in its Board's report.

## 2.5 Subsidiary Companies

With regard to subsidiary companies, it has been provided that at least one independent director of holding company will be director on the board of subsidiary company and the audit committee of holding company will review financial statements of subsidiary company. All significant transactions and arrangements of subsidiary companies are required to be brought to the attention of Board of Directors of the holding company.

## 2.6 Disclosures

The provisions regarding disclosures require all transactions to be placed before the audit committee. The guidelines mandate that while preparing financial statements, treatment should be as per prescribed accounting standards and if there are any deviations, the same are to be explicitly mentioned. Further, the board is to be informed about risk assessment and minimization procedures and senior management is to make disclosures to board relating to all financial and commercial transactions where they have personal interest or may have a potential conflict.

## 2.7 Remuneration Committee

Each CPSE would have Professional Boards with Independent Directors. CPSE to constitute a Remuneration Committee headed by an Independent Director. CPSE will not be eligible for Performance related Pay (PRP) unless the Independent Directors are on its Board. Remuneration Committee will decide the annual bonus/variable pay pool and policy for its distribution across the executives and Non Unionised Supervisors, within the prescribed limits. In case of government companies section 178 sub-section (2),(3), and (4) shall not apply except with regard to appointment of senior management and other employees.

## 2.8 Stakeholder Relationship Committee

The board of directors of a company which consist of more than one thousand shareholders, debenture holders, deposit holders and any other security holders at any time during the financial year shall constitute a stakeholders relationship committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the board.

## CORPORATE PERFORMANCE MANAGEMENT OF CPSEs

### 3.1 Introduction

Annual report of companies contains a separate section on Corporate Governance with details of compliance. The CPSEs will have to obtain a certificate from Auditors/ Company Secretary regarding compliance with these guidelines. The CPSEs are required to submit a quarterly compliance report to their administrative ministries who will furnish a consolidated annual report to DPE.

DPE, Government of India during the year 2015, came up with policy guidelines concerning Central Public Sector Enterprises (CPSEs). These guidelines are used as ready reference by all concerned. There are in total 320 guidelines in respect of Corporate Governance, Personnel Policies, Financial Policies, Globalization and Turnaround policies for Maharatna, Navratna, & Miniratna, Wage Policies, Memorandum of Understanding, Corporate Social Responsibility, Permanent Machinery of Arbitration, Voluntary Retirement Scheme, Counselling, Retraining & Redeployment and Corporate Social Responsibility. For the purpose of this study Corporate Performance Management of CPSEs is observed on five parameters as below:

- Memorandum of Understanding (MOU) system in CPSEs
- Board Evaluation Process
- Risk Management
- Related Party Transactions
- Management Discussion and Analysis

### 3.2 Memorandum of Understanding (MOU) system in CPSEs

#### 3.2.1 Introduction

Memorandum of understanding (MOU) is a negotiated agreement and contract between the administrative Ministry/Department/Holding CPSE i.e. majority shareholder and the management of the Central Public Sector Enterprise (CPSE) on selected parameters having targets decided normally before the start of a new financial year and results evaluated after the end of the year to measure the performance<sup>1</sup>. For carrying out this exercise CPSEs would provide brief in format at **Annex 1** and trend analysis in **Annex III**

---

1. Definition: Revised MOU Guidelines 2017-18, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

**Annex I : Brief about the CPSE**

1	Name of the CPSE			
2	Status (please tick): As per DPE guidelines		Sick/Incipient Sick/weak/none	
3	Reasons for sickness (if Applicable)			
4	Whether registered with BIFR, if yes details			
5	Schedule of the CPSE (please tick)		A/B/C/D/ none	
6	Purpose for which CPSE has been set up and the main business now			
7	Number and name of the subsidiary companies alongwith amount invested and share in its profit during last five years		Separate sheet may be attached, if more than one subsidiary. Information may be separately given in respect of each subsidiary and aggregated (consolidated) also.	
	Year*	Name of Subsidiary	Amount Invested (Rs.)	Share in its Profit (Rs.)
	2011-12			
	2012-13			
	2013-14			
	2014-15			
	2015-16			
8	Number and name of joint venture companies along with amount invested and share in its profit during last five years		Separate sheet may be attached, if more than one Joint Venture. Information may be separately given in respect of each joint venture aggregated (consolidated) also)	
	Year*	Name of Joint Venture	Amount Invested (Rs.)	Share in its profit (Rs.)
	2011-12			
	2012-13			
	2013-14			
	2014-15			
	2015-16			
9	Details of Revival Plan approved earlier			

*\*Note: For each succeeding year of MOU, one more year may be added after the MOU 2017-18 and the first year deleted so that total data available is for the past five years.*



6	Total Expenses/Total Incomes	%								
7	Details of other incomes									
	a) Interest									
	b) Dividend									
	c) Other incomes									
	d) Total									
8	a) Cash & Bank Balance & equivalent									
	b) Investment in Mutual Funds									
	c) Investment in Shares other than subsidiary/JVs									
	d) Total (a+b+c)									
	e) Cash credit/overdraft loan/short term loan									
	f) Balance in current account									
9	Dividend paid/declared for the year, excluding dividend tax									

### Annexure III (Part B): Trend Analysis

Sr No	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current year	
									Actual upto	Estimated
1	Installed capacity in respect of each product	Rs. Crore								
2	Capacity utilization in respect of each product		Actual							
			MOU							

3	Contribution of each product in sales	%								
4	New orders received during the year	Rs. Crore	Actual							
			MOU							
5	Exports as a % of revenue from operations	%	Actual							
			MOU							
6	Development or revenue from new products or product with new features		Actual							
			MOU							
7	Production efficiency parameters		Actual							
			MOU							
8	Completion of milestone of clients orders/ agreements without time overrun	%	Actual							
			MOU							
9	R&D innovation, Technology upgradation parameter		Actual							
			MOU							
10	Market Share									
11	CAPEX	%	Actual							
			MOU							
12	CAPEX contracts/ projects running/ completed without time /cost overrun to total value of CAPEX	%	Actual							
			MOU							
13	Inventory of Finished Goods and Work in Progress	Rs. Crore								

14	Inventory of Finished Goods and Work in Progress to RO (Net)	%	Actual							
			MOU							
15	Inventory of Finished Goods of more than one year	Rs. Crore	Actual							
16	Inventory of Finished Goods of more than one year as a % of RO	%	Actual							
			MOU							
17	Trade Recievables (Net)	Rs. Crore	Actual							
			MOU							
18	Trade Recievables (Net) as number of days of RO (gross)	Days	Actual							
			MOU							
19	Claims against the company not acknwoldged raised by:									
	Central Govt Departments									
	State Govts/Local Authorities									
	CPSEs									
	Others									
	Total		Actual							
			MOU							
20	Loans disbursed/ total funds available		Actual							
			MOU							
21	Overdue loans/ total loans (Net)		Actual							
			MOU							
22	NPA/Total Loans (Net)		Actual							
			MOU							

23	Cost of raising funds as compared to similarly rated CPSEs/Entities		Actual							
			MOU							
24	Return (share of profit/loss) on investment in joint ventures		Actual							
			MOU							
25	Any other result oriented parameters taken for target setting		Actual							
			MOU							

*Note: Trend would be given for actual figures for preceding five years (audited) and estimates of current year i.e. previous year to the year in respect of which targets are being negotiated. (RO: Revenue from Operations)*

### 3.2.2 Purpose of MOU

The purpose of the MOU is to measure the performance of the management of the CPSEs on key selected parameters against the targets agreed upon so as to improve the critical performance indicators of the organization.

### 3.2.3 Scope

All CPSE's (holding as well as subsidiaries) are required to sign MoUs. The Apex/Holding companies will sign MOU with their Administrative Ministries/Departments, while the subsidiary companies will sign MoUs with their respective Apex/Holding companies.

### 3.2.4 Exemption from MoUs:

High Powered Committee in its meeting held on 8th March 2017 had confirmed/approved exemption to following CPSEs from signing of MoUs : –

India Infrastructure Finance Company Ltd (IIFCL) and its subsidiaries.

The CPSEs that may be exempted from MoU System by the Inter-Ministerial Committee are as follows:

- i. CPSE's under liquidation where liquidator has already been appointed. However administrative ministry would provide the list of such CPSEs to DPE along-with brief write up.
- ii. CPSE which is not in operation or having no employee or on any other ground on the recommendation of administrative ministry

### 3.2.5 Parameters

CPSEs work in various sectors under different conditions. In view of this, the following guidelines are laid down:-

- Three financial parameters are prescribed for all CPSEs with the total weightage of 50% (except for CPSEs which are dependent on Government Grant).

- For the remaining 50% weightage, a menu of parameters have been suggested for selection depending on the sector in which the CPSE is operating. Separate formats have been given for the remaining operating CPSEs. The parameters most appropriate and relevant for measuring performance shall be suggested by the Pre-Negotiation Committee (PNC) to the Intra-Ministerial Committee.
- For CPSEs under closure/under construction/under reconstruction, parameters have not been prescribed leaving it to the PNC to suggest the most appropriate parameters and targets for IMC to take decisions.

### 3.2.6 MoU Ranking

- With a view to distinguish 'excellent performance' from 'poor performance' five different performance ratings have been fixed in the MoU i.e 'Excellent'; 'Very Good', 'Good', 'Fair' and 'Poor'.

Apart from rating of CPSE's MoU performance of all MoU signing CPSEs there will be category-wise ranking of CPSE's (Maharatna, Navratna, Miniratna and others and sector-wise ranking of CPSEs (mining, Power, Petroleum, Finance, Consultancy etc). only for the purpose of acknowledging where they stand in their respective category/sector.

### 3.2.7 Objectives of MOU are:

- Improve the performance of CPSEs by increasing autonomy and accountability of management
- Fixing the targets in accordance with the goal and objectives of CPSEs
- Enable performance evaluation through objective criteria and
- Provide a mechanism of rewarding and incentivizing performance.

Centrally owned public sector enterprises in India are monitored and assessed through a system based on the 'Memorandum of Understanding' or MOU. The MOU system was introduced in 1986, based on Arjun Sen Gupta Committee Report (1984), which recommend agreements for five years that may be reviewed annually with the aim of improving the performance of CPSEs by enhancing their autonomy while holding them accountable for outcomes. The system commenced with four companies in 1986-87, increasing to 143 in 2007-08. Beginning in 2007, the Department of Public Enterprises (DPE) required all CPSEs to have an MOU, either directly with the administrative ministry or, for subsidiaries, with the parent company.

#### *Latest Amendment*

*Under the MoU system of performance evaluation of CPSEs, an alternative system of Task Force was approved by Competent Authority on 12th May, 2016. Since then, 431 meetings have taken place (upto previous month 204 meetings had taken place). Out of this, 217 meetings of Standing Committee and 214 meetings of Inter-Ministerial Committee have taken place. In these meetings, targets were approved for 137 CPSEs and 77 CPSEs were exempted from signing of MoU.*

According to the MOU system, the management of an enterprise is made accountable to the government through a promise of performance or 'performance contract'. The government control over the CPSEs is exerted through 'target setting' discussed in the ensuing paragraphs. There may not be any exemption from MOUs except in respect of CPSEs which are closed/not in operation or merged or wound up or at the verge of being closed or merged with no revival package in sight, the administrative ministry may send the proposal with its recommendations for exemption to DPE within 15 days from the issue of these guidelines<sup>1</sup>.

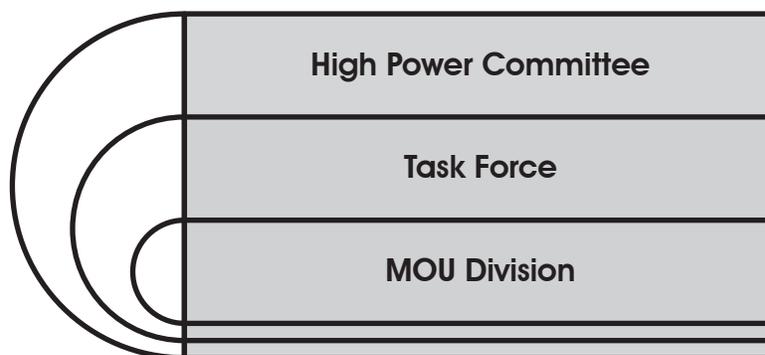
1. Exemption from MOU: Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

All the financial terms should be in conformity with definitions in explanatory notes after prescribed formats. The terms used are same as defined in Schedule III or elsewhere in the Companies Act, 2013, applicable IND AS/ Accounting Standards unless otherwise specified. All financial figures are to be taken on the basis of Audited Annual Accounts or Annual Report<sup>1</sup>.

### 3.2.8 Institutional Arrangements for Implementing MOU Policy

The present institutional arrangement envisages to put in place an objective and transparent mechanism to evaluate the performance of the managements of the PSEs. It provides a system through which the commitments of both the parties to the MOU can be evaluated at the end of the year besides improving the technical inputs required to finalize the MOUs. The details of this institutional arrangement and their inter-linkages are as follows.

**Figure 4: Institutional Arrangement of MOU**



#### A. High Power Committee

At the apex of this institutional arrangement is the High Power Committee (HPC) consisting of following members:

- a) Cabinet Secretary, Chairman
- b) Finance Secretary, Member
- c) Secretary(Expenditure), Member
- d) Secretary(Planning Commission), Member
- e) Secretary(Programme Implementation), Member
- f) Chairman(Public Enterprises Selection Board), Member
- g) Chief Economic Adviser, Member
- h) Secretary(Public Enterprises), Member-Secretary

The functions of this committee are to review the draft MOUs before the final draft is signed and to make an end-of-the-year evaluation to judge how far the commitments made by both parties of the MOU have been met. Now, the power to approve the final MOUs has been delegated to TF/DPE and only in those cases where TF is not able to take a decision is referred to the HPC.

1. Definitions of Financial Terms : Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

## B. Task Force

The main objective behind the creation of a Task Force was to provide technical expertise for the MOU negotiations and evaluation. The main functions of the Task Force are to:-

- a) Examine the design of MOU at the beginning of the year. For this purpose the draft MOU agreed upon by the PSE and the relevant Administrative Ministry is examined by the Task Force. If Task Force has any comments or questions regarding the draft MOUs, they seek clarifications via MOU Division. Once the signatories to MOUs have responded to the concerns expressed by the Task Force on their draft MOUs, the MOU negotiation meetings are organized. These meetings are attended by the executives of the PSEs, senior officials of the concerned Administrative Ministry and the representatives from the nodal agencies such as Planning Commission, Ministry of Statistics & Programme Implementation, and Ministry of Finance. The draft MOUs are discussed and finalized during these meetings.
- b) evaluate and determine the composite score for each enterprise at the end of the year.

The Task Force consists of retired civil servants, executives of public sector, management professionals and independent members with considerable experience. It was decided by the High Power Committee that no one belonging to the Government should be a member of this Task Force. This was considered essential to maintain objectivity and credibility of the Task Force.

## C. MOU Division

The HPC and Task Force are assisted by the MOU Division in the Department of Public Enterprises. It also acts as the permanent secretariat to the HPC and the Task Force. The main functions of this Division are to:-

- provide logistical, technical and administrative support to the Task Force;
- act as a buffer between the Task Force members and the two signatories to the MOUs - PSEs and Administrative Ministries;
- develop information and data base on MOU signing PSEs;
- assist the High Power Committee;
- monitor the progress of MOUs;
- advise and counsel the MOU signatories on methodological and conceptual aspects of the MOU policy;
- coordinate research and training on various aspects of MOU policy.

## 3.2.9 MOU Targets

Targets fixed should be realistic, growth oriented and aspirational. Generally target for excellent should not be lower than best achieved in last 5 years and very good should not be lower than the expected achievement of the current year (year immediately preceding the year for which targets are being fixed) unless there are specific reasons to fix lower targets and are duly supported by the administrative ministry/department. Once MoUs are signed, any revision of targets would not be permissible. MoU targets are unconditional and non-provisional.

With the view to distinguish 'excellent performance' from 'poor performance', five different performance rating should be fixed in the MOU (1) Excellent (2) Very Good (3) Good (4) Fair and (5) Poor. **IMC will fix the basic**

**target** and levels of the difference between excellent, very good, good, fair and poor. The CPSE will give information on National/International benchmarks as applicable<sup>1</sup>.

**Figure 5: MOU Targets**



### **A. Basic Target**

To determine the basic target (BT) for financial parameters, the actual achievement of past 5 years and factors such as capacity and its expansion, business environment, projects under implementation, government policies, external factors and company's growth forecast should be considered. Further national/international benchmarks will also be considered, wherever applicable. Basic financial targets should be generally determined by projecting an ambitious growth over the achievement or targets of the previous years. For CPSEs, which have recently started their business, the projection shall be done using the available data<sup>2</sup>.

The targets set should be realistic, growth oriented and aspirational. They should be consistent with the budget for 2016-17 and in conformity with those administrative ministry department and other statutory or regulatory bodies, as applicable. It is observed that some PSEs underpitch their projected performance for the coming year to plead their case for soft targets. In such cases while undertaking the performance management of MOU, DPE/IMC may call the CMD of the CPSE to explain reasons for such underpitching and gross over achievements<sup>3</sup>.

### **B. Group Target**

The performance of some CPSEs is interdependent because their operations cut across different Ministries/ Departments. In such circumstances, the MOU targets of the concerned CPSEs may be fixed so that they are jointly and severally responsible for their performance and achievement of the targets. In addition to the regular negotiation meetings, whether one joint meeting of the CPSEs may be held or separate meetings(s) of concerned CPSEs., Railways and /or Administrative Ministries, DPE and the IMC be convened to sort out interrelated issues<sup>4</sup>.

### **C. Revision of Targets**

Once the MOUs are signed, any revision of targets is not permissible. MOU targets are unconditional and non-provisional<sup>5</sup>.

The Ministry/Department shall also give a background note on the performance of the sector as well as of the CPSE, along with applicable benchmarks while sending the MOU. The IMC will take this information including the benchmarks into consideration while fixing MOU Targets.

1. MOU Targets (Pt.3) : Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

2. Basic Target (pt.3.1) : Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

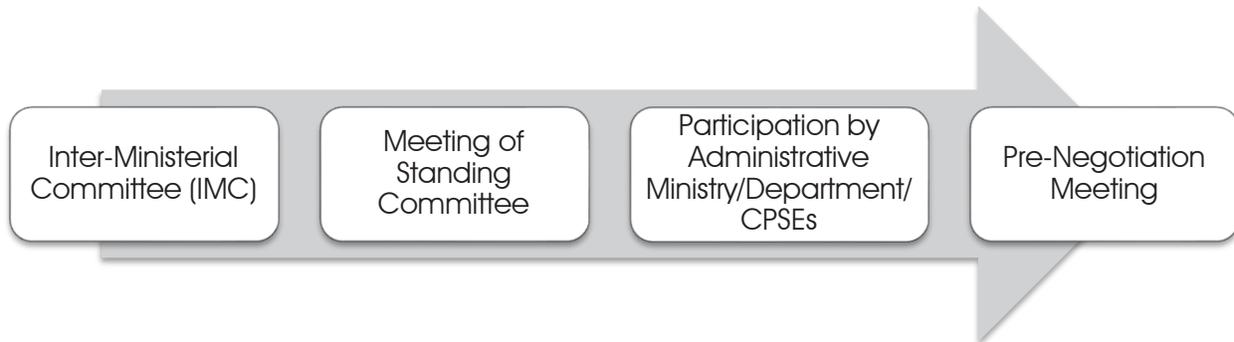
3. Basic Target (pt.3.2): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

4. Group Target (Pt.3.3): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

5. Revision of Targets (Pt.3.4): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

### 3.2.10 Working of MOU System

Figure 6: Working of MOU System



#### A. Participation by Administrative Ministry/Department/CPSEs

The representative of the administrative Ministry/Department, not below the rank of Joint Secretary, must be present in every negotiation meeting. However, for Maharatna CPSEs the negotiation exercise should preferably be led by the Secretary of the concerned administrative Ministry/Department considering the scale and importance of their operations. The CPSE team for the negotiation meetings should be restricted to CMD and Board level functionaries<sup>1</sup>.

#### B. Pre-Negotiation Committee Meeting

The role of Pre-Negotiation Committee (earlier known as standing committee on MoU) would be to discuss the draft MOUs received from all CPSEs. Queries and suggestions for revision of MOU parameters and their weightage etc., if any, will be sent to the CPSEs/Administrative Ministry/Department through DPE, giving a reasonable period for them to respond before the negotiation meeting. Member Resource Group (MRG) will assist in this exercise<sup>2</sup>.

#### C. Inter-Ministerial Committee (IMC)

IMC would consist of Secretary, DPE as chairman and Secretary of the concerned administrative Ministry/Department or his representative not below the rank of Joint Secretary, Secretary, Ministry of Statistics and programme Implementation or his representative not below the rank of Joint Secretary, Additional Secretary, NITI Aayog or his representative not below the rank of Joint Secretary as members. Joint Secretary/Adviser (MOU) would provide secretarial support to the committee. Secretary, DPE may co-opt any officer who is a finance expert, in case the need is felt. The role of IMC is that to assist the High Power Committee on MOU and Department of Public Enterprises in setting MOU targets of CPSEs before the beginning of the financial year and performance evaluation of MOUs after the completion of that year<sup>3</sup>.

### 3.2.11 Time-Lines for submission of MOU & signing thereof

The draft MoU with all documents/annexures should be submitted to administrative ministry/department in respect of all CPSEs and their subsidiaries by 21st November of each year for the forthcoming year. The draft MoU after the approval of administrative ministry/department should be sent to DPE by 5th December of each

1. Participation by Administrative Ministry/Department/CPSEs (pt 7): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

2. Pre Negotiation Meeting (pt 8): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

3. Inter-Ministerial Committee (IMC) (pt. 5): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

year for the forthcoming year with all documents/annexures. A copy of draft MoU may also be sent to IMC members other than DPE. Secretary, DPE may extend these dates if there is delay in issue of guidelines.

### 3.2.12 Enclosures with Draft MOU

CPSEs should enclose the draft MOU in the relevant format along with all the annexures/documents mentioned in the MOU guidelines to DPE<sup>1</sup>.

CPSE will give a Self-Certification to the effect that while arriving at the targets of the financial parameters, the definitions and norms laid down in the MOU guidelines of DPE have been strictly and scrupulously followed and no deviations have been made. At the time of evaluation if it is found that definitions as per MOU guidelines have not been followed by the CPSE, DPE will evaluate the MOU achievements as the definitions given in MOU guidelines<sup>2</sup>.

Key Financial Indicators of CPSEs relating to last five years along with MOU targets for 2016-17 should be submitted in the format enclosed<sup>3</sup>. DPE has prescribed single format for all CPSEs (except CPSEs under construction/under closure). CPSEs under construction will adopt Form-II, CPSEs under closure Form III and all other CPSE will adopt Form I<sup>4</sup>.

The summary records of discussion (SRD) minutes of the MOU negotiation meetings (2015-16), Action Taken Report (ATR) on the MOU 2015-16 issued by DPE, Annual Report 2014-15, financial results up to December 2015 and expected result upto 31st March 2016 should be annexed with the draft MOU 2016-17<sup>5</sup>. CPSEs should submit latest copies of Corporate Plan, Annual Plan, Annual Budget, and Annual Report for 2014-15 and financial results for the period up to previous month and estimated result up to 31st March, 2016 should be made available before the negotiation meetings<sup>6</sup>.

### 3.2.13 MOU signing Process

MoU based on the parameters, targets and weightage recommended by IMC without any deviation shall be signed between CMD/MD of CPSE and secretary of administrative ministry/department in case of holding / independent CPSEs and between CEO/MD of subsidiary company and CMD/MD of holding CPSE in case of subsidiary by 31st March (i.e. before start of the financial year in respect of which targets are fixed) or within 21 days from issue of IMC meeting minutes, whichever is later. In case deviation is detected, IMC minutes would prevail and performance of the CPSE will be downgraded to the next lower rating<sup>7</sup>.

### 3.2.14 MOU Evaluation

Performance of MOU signing PSEs is evaluated with reference to their MOU targets twice in a year. First the performance is evaluated on the basis of provisional results and secondly on the basis of audited data. The performance evaluation exercise is also carried out in an extensive manner.

Evaluation of MOU of the CPSE is done at the end of the year on the basis of actual achievements vis-à-vis the MOU targets. CPSEs (Holding as well as Subsidiaries) are required to submit performance evaluation reports on the basis of audited data to DPE after approval of the Board of CPSE and through the Administrative Ministries/

1. Enclosures with draft MOU (pt 10): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)
2. Enclosures with draft MOU (pt 10.1): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)
3. Enclosures with draft MOU (pt 10.2): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)
4. Enclosures with draft MOU (pt 10.3): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)
5. Enclosures with draft MOU (pt 10.4): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)
6. Enclosures with draft MOU (pt 10.5): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)
7. MOU signing process (pt 12): Revised MOU Guidelines 2017-18, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

Departments on or before 30th (in respect of immediately preceding year) or any other date communicated by DPE.

CPSEs should submit the documentary evidence as proof of performance as provided in the MOU, internal documents submitted by CPSEs for evaluation of parameters should be certified by the concerned CPSEs Board level officials (i.e. CMD/MD/Director). Board resolutions, if any may be certified by the CPSEs Company Secretary/CEO. After completing the evaluation of the performance of the MOU signing CPSEs the results of the MOU score and rating of CPSEs would be submitted to the IMC. IMC may scrutinize the evaluation and wherever necessary modify the grading. IMC may seek guidance of High Power Committee or Chairman, on any issue related to MOU target setting or evaluation, whenever the need is felt. The composite score and the ratings of the CPSEs would become final after it is approved by the HPC<sup>1</sup>.

**Figure 7: MOU Score and Rating**



#### A. MOU Score and Rating

MOU Score is an index of the performance of the CPSE, which shall be calculated as the aggregate of all the actual achievements vis-à-vis the targets<sup>2</sup>.

The system of grading of CPSEs on the basis of MOU Composite Score is as follows :

**Table 4 : Grading CPSEs on the basis of MOU Composite Score**

MOU Composite Score		MOU Rating
More than	Equal to or less than	
90	100	Excellent
70	90	Very good
50	70	Good
33	50	Fair
0	33	Poor

#### B. Additional Eligibility criteria for Excellent rating<sup>3</sup>

CPSEs have to essentially comply with the following conditions, failing which its MoU rating would be downgraded to next lower rating expect CPSE's getting poor ratings.

- Compliance of provisions of the Companies Act, 2013 or the relevant act under which they have been regulated (to the extent compliances are within the ambit of CPSEs).
- In case of listed CPSEs, compliance of provision of listing agreement (to the extent compliances are

1. MOU Evaluation 2016-17 (pt 13): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

2. MOU Scoring and Rating (Pt 14.1): Revised MOU Guidelines 2016-17, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

3. Additional Eligibility criteria for Excellent rating(pt 14.2): Revised MOU Guidelines 2017-18, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

within the ambit of CPSEs).

- Compliance of DPE guidelines having financial implications.
- No adverse observations by CAG on Annual Accounts pointing out misappropriation of funds of any amount or Over/under statement of profit/loss (surplus/deficit)/assets/liabilities amounting to 5% of revenue from operation.
- Holding of AGM without seeking extension of time.
- Submission of draft MOU/MOU evaluation, through administrative ministry/department to DPE by prescribed date.

### C. Additional Eligibility criteria<sup>1</sup>:

CPSEs other than excellent rated CPSEs also to essentially comply with the following conditions, failing which its MOU rating would be reduced by 1 mark each for non-compliance of each of the conditions and rating would be revised accordingly:

- Compliance of Public Procurement Policy for Micro and Small enterprises issued by Ministry of Micro, Small and Medium Enterprises
- Compliance of DPE guidelines on allocation of CSR fund by CPSEs for Swachh Bharat Activities.
- Compliance of DPE guidelines on Digital India.
- Compliance of DPE guidelines on any policy (other than mentioned in ii and iii above), issued from time to time, and prescribed specifically in this regard.

### 9. Compliance of Additional Eligibility criteria to be confirmed/certified by Board of Directors by way of resolution<sup>2</sup>.

#### 3.2.15 CPSEs not signing of MoU or not submitting MoU evaluation

The CPSEs who do not submit MoU/MOU evaluation through their administrative Ministries/Departments within a stipulated time of the prescribed date will be rated as 'poor'. Stipulated time would be decided by Secretary, DPE. Prescribed dates are given in para 10 and 13 of the guidelines.

**3.2.16 Approval of Score and Rating :** DPE would carry out the evaluation of the performance based on the MoU received through the administrative ministries/department. The results of MoU score and rating of CPSEs would be submitted to the IMC. IMC may scrutinise the evaluation and whenever it is felt necessary, modify the score and rating. The score and the ratings of the CPSEs would be submitted to chairman of the HPC for approval. Score and rating would be final after it is approved by the chairman of the HPC.

### 3.3 Board Evaluation Process

Generally Board appraisals include following components:

- Evaluation of the Board as a whole :
  - a. Internally

1. Additional Eligibility criteria for CPSEs other than Excellent rating (Pt 14.3): Revised MOU Guidelines 2017-18, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

2. Compliance of Additional Eligibility criteria to be confirmed/certified by Board of Directors (Pt 14.5): Revised MOU Guidelines 2017-18, Online Available on [www.dpe.nic.in](http://www.dpe.nic.in)

- b. Externally
- Evaluation of Individual Directors (Independent, Executive, Non- executive, Whole Time Director)
  - a) Self-evaluation
  - b) Peer to peer evaluation
  - c) External
- Evaluation of the Committees
  - a) Internal (by the Board)
  - b) External
- Evaluation of the Chairperson
  - a) All Directors
  - b) External

These are elaborated below:

*(a) Internal Evaluation*

In case of internal evaluation, the Board is responsible for managing both the process as well as the content. Evaluation methodology may be set by the Nomination and Remuneration Committee. The Boards' performance may generally be evaluated by a standard questionnaire and/or through one-on-one interviews. This approach has certain drawbacks, which includes:

- Reluctance of directors to share issues within the company.
- The approach may not be entirely acceptable to stakeholders, as they may question the rigour of the process.

*(b) External evaluation*

External evaluation may be externally facilitated. Externally facilitated evaluations are undertaken with the assistance of an external expert, this adds to the level of independence of the evaluation.

### **3.4 Risk Management**

#### **3.4.1 Introduction**

Enterprise risk management helps management in managing the risk and avoiding damage to the entity's reputation and associated consequences. Considering the significance of risk management in the scheme of corporate management strategies, its oversight should be one of the main responsibilities of the Board/ Management. DPE guidelines emphasize that the Board should ensure the integration and alignment of the risk management system with the corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a separate task at set times.

The overall business operating environment, both domestically and globally, has become highly volatile for the companies. Numerous factors affect this volatility, including macro-economic factors, like the Brexit, which may exert a significant impact on the strategy formulation of business organizations. Other more specific factors also impact day to day operational functioning, such as, changes in the domestic, regulatory or

competitive landscape and technological advancements.

Creative disruptions, as they are called now, are creating tremors in the markets across the globe and have dealt severe blows to the businesses of monoliths that did not prepare themselves to advanced technologies and competitive strategies on time.

The above scenario is applicable for public sector enterprises in India. To surmount the challenges posed by VUCA world, it is essential to focus on certain key components- Leadership, Use of technology, Internal capability and Cultural alignment.

The panel of experts on Reforms in CPSEs (2011) pointed out that the PSEs management is faced with the need for ever changing skill sets, higher proficiency standards due to enhanced competition and the need to retain talent in light of attrition. A performance culture, nevertheless, needs to be inculcated in CPSEs. The success of public sector enterprises largely depends upon the productivity of both manpower and materials. It was observed that different public sector enterprises are at different levels of maturity pertaining to their Human Resources in terms of competence, availability of specialized people and leadership pipeline.

While government has initiated numerous measures to improve the level of governance in the PSEs, there has been less initiatives to improve the system of Human Resource Development. Except for introduction of incentives in the shape of Performance Related Pay (PRP), mostly it has been left to individual PSEs (Public Sector Enterprises) to architect their Human Resources within the overall structure of the guidelines issued by the Department of Public Enterprises. Barring some exceptions, majority of PSEs state of human resource management is enumerated below-

- a) Culture of precedence, standardization and industry practice.
- b) Culture of status quo, reactive response.
- c) Culture of pleasing unions and associations and not restructuring relations.
- d) Culture of guarding the turf and remaining in the silo
- e) Culture of "Seat of the Pants Management", hesitant steps and risk avoidance.
- f) Culture of bureaucratic hassles, bottlenecking, sermons, and lack of accountability.

Thus, in majority of PSEs, including Navratna and Maharatna companies, Human Resource management, policies, practices and systems have remained stagnated and have only shown incremental or marginal changes.

Majority of PSEs have yet to work on aligning their HR culture to the requirements of the new order which demands focus on development of younger talent, developing open communication systems, diversity in management, transparency in promotions, administrative excellence, & investment in training and development.

### 3.4.2 Risk Management in selected CPSEs

In order to understand the role of risk management of various Central Public Sector Enterprises, it is imperative to comprehend 'Enterprise Risk Management'. Enterprise Risk Management helps management in managing the risk and avoiding damage to the entity's reputation and associated consequences. Considering the significance of risk management in the scheme of corporate management strategies, its oversight should be one of the main responsibilities of the Board/Management. DPE guidelines emphasize that the Board should ensure the integration and alignment of the risk management system with the corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a

separate task at set times.

The majority of the members of Risk Management Committee consists of members of the Board of Directors. Senior executives of the company may be members of the said committee but the chairman of the committee shall be a member of the Board of Directors. The Board shall be responsible for formulating, implementing and monitoring the risk management plan for the company. Further, the Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

In order to ascertain the magnitude of risk management in central public sector enterprises, the ensuing paragraph throws light on the risk management practices followed in some of the leading Central Public Sector Enterprises. In compliance to the Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of these companies have formed the Risk Management Committee. The data is collected from the secondary sources by referring the Annual Report of 2016-17 of these companies.

### 3.4.3 Company Practices

#### (i) *National Thermal Power Corporation (NTPC)*

The company has a detailed Enterprise Risk Management structure in place. The Risk Management Committee (RMC) is responsible for identifying and reviewing the risks to develop action plans and strategies to alleviate risks on short term and long term basis. Referring to the 41st Annual Report (2016-17), it can be observed that RMC has identified 25 risks out of which 7 have been classified as the top risks for the company:

- a) Compliance of emission, as utilization and regulatory norms.
- b) Risks relating to Hydro Projects.
- c) Risks pertaining to coal mining.
- d) Delay in execution of projects.
- e) Difficulties in execution of land.
- f) Sustaining efficient plant operations.
- g) Inadequate fuel supply.

These areas are being regularly monitored through reporting of key performance indicators of identified risks. Exceptions with respect to risk assessment criteria are reported on a regular basis to the Board of Directors.

#### (ii) *Oil and Natural Gas Corporation Limited (ONGC)*

The Risk Management policy of the company is as follows:

- a) ONGC shall identify the possible risks associated with its business and commits itself to put in place a Risk Management Framework to address the risk involved on an ongoing basis to ensure achievement of the business objective without any interruptions.
- b) The Board of Directors have formed a Board Level Risk Management Committee in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Till date three meetings of the Committee have been conducted.
- c) Further, ONGC shall optimize the risks involved by managing their exposure and bringing them in line with the acceptable risk appetite of the company.

**(iii) Steel Authority of India Limited (SAIL)**

The Risk Management Policy of the company was approved by the Board much earlier the same became a statutory requirement and since then, the risk management in SAIL has grown and developed in line with internal and external requirements. The Policy provides guidance for the management of the business risks across the organization. It focuses on ensuring that the risks are identified, evaluated and mitigated within a given time frame on a regular basis.

Currently, the architecture of Enterprise Risk Management in SAIL comprises of a well-designed multi-layered organization structure, with each Plant/Unit having its own perceived risks which are under the constant monitoring by the Risk Owners / Risk Champions who frame and implement the mitigation strategy and take it to its logical conclusion. Risk Management Committee of the Plant/Unit Chaired by the Head of the Plant /Unit periodically reviews the risks and its mitigation status and reports the same to Chief Risk Officer (CRO) of SAIL.

SAIL Risk Management Committee (SRMC) oversees the Risk Management function in the Company by addressing issues pertaining to the policy formulation as well as evaluation of risk management function to assess its continuing effectiveness. Risks identified by the Risk Champion/Risk Officer are deliberated in the Risk Management Committee, escalated and draw the mitigation strategy. Roles and responsibility of Board, Audit Committee, SAIL Risk Management Committee, Risk Management Steering Committee, CRO, Risk Officer/Risk Champion related to risk management are defined under the Policy and duly approved by the Board.

**(iv) Bharat Heavy Electricals Limited (BHEL)**

BHEL has in place a Board approved Risk Management Charter & Policy which provides overall framework for Enterprise Risk Management in the company. In pursuance with SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, BHEL has in place a 'Board level Risk Management Committee' (BLRMC) with assigned responsibility of reviewing the company's Risk Governance structure, Risk Assessment & Risk Management framework, Guidelines, Policies and Processes. Besides this, Risk Management Steering Committee (RMSC) is responsible for adopting & implementing the risk management framework and leading the risk management initiative across the company. Chief Risk Officer (CRO) is the convener of BLRMC & RMSC and responsible for periodic reporting on risk management to Board/ BLRMC.

Some of the key risks the company faces, their impact and corresponding strategies undertaken for mitigation by the company are discussed in the table below:

**Table 5: Risk Statement and Mitigation Strategies**

<b>Risk Statement</b>	<b>Mitigation Strategies</b>
Order Book Reduction due to increasing competition, excess domestic manufacturing capacities and low business sentiments	<ul style="list-style-type: none"> <li>• Expanding the offerings</li> <li>• Diversifying Product Profile</li> <li>• Focus on non-coal based business</li> </ul>
Online data & information security breach leading to loss and critical information infrastructure breakdown	<ul style="list-style-type: none"> <li>• Policies in place for Technical controls</li> <li>• Implementation of Cyber security incident capturing system across the company</li> <li>• Third party audit as per ISO27001 ISMS Standards</li> <li>• Business Continuity Plan (BCP) &amp; Disaster Recovery (DR) strategy in place</li> <li>• Crisis Management Group in place</li> </ul>

Impact of External Factors Viz. Govt. Policy, infrastructure inadequacy, which may adversely impact the business	<ul style="list-style-type: none"> <li>• Policy advocacy through Administrative Ministry &amp; Industry Associations</li> <li>• Liaison with key business partners</li> </ul>
Technology readiness to meet current/ future market requirements	<ul style="list-style-type: none"> <li>• In house development of new products/ Technologies</li> <li>• Technical collaborations with suitable partners</li> </ul>

#### **(v) GAIL (India) Limited**

The company has an approved Risk Management Policy & Procedure to protect and add value to the organization and its stakeholders with the objective to establish a risk intelligence framework for managing objectively expected risk exposures by the decision makers in compliance to prevailing statutory regulations so as to maintain financial stability of the Company.

Risk Management Framework is constantly updated for new and emerging risks emanating from business expansion and interests. The risks are evaluated, quantified & prioritized and mitigation plans are reviewed & monitored at various stages. Corporate Level Risk Steering Committee oversees the implementation of the Risk Management Policy and Procedures which are periodically reviewed and monitored by the Risk Management Committee and by the Audit Committee before presenting it to the Board. Further, in light of changing business scenario and expansion of various business activities, business risk and their mitigation plans is re-assessed on regular basis. Present, top key Corporate Level Risks are as under:

- ❖ Take or pay risk on long term LNG tie up.
- ❖ Enhancement of Corporate guarantee provided by GAIL to its subsidiaries and JVs.
- ❖ Underutilization of pipeline due to low downstream drawl and low pipeline capacity trade.
- ❖ Delay in Project Execution due to local resistance in ROU opening/permanent land acquisition.
- ❖ Risk of Regulatory framework.
- ❖ Reduction in profitability of Petrochemicals
- ❖ Uncertainty in shipping tie-up.

As discussed, identified risks have been closely examined and reasonable alleviating measures and safeguards have been initiated so as to eliminate or minimize the impact of the identified risks.

#### **(vi) Coal India Limited**

The Risk Management Committee of the Company is constituted in line with Regulation 21 of SEBI (LODR) Regulation, 2015. This committee was reconstituted in 334th meeting held on 12th December, 2016.

The Board of CIL approved Risk Management Charter Risk Register to build up a strong Risk Mitigation culture within CIL in achieving company goals and objectives. The Risk Register covered all risks applicable to CIL and its subsidiaries. It is divided into six broad categories namely i) Strategic Risk , ii) Operational Risk, iii) Financial Risk, iv) Compliance Risk, v) Project Related Risk, vi) Support System Risk.

As per the Risk Register, different risks were identified for CIL and its subsidiaries and a risk owner and mitigation plan owner have been nominated for each risk identified to ensure continuous monitoring, mitigation and prevention of frauds. A Consultant Agency has been engaged in implementing the governance process designed in the Risk Management Framework at CIL and all of its subsidiary companies. The consultant will

cover all aspects and issues regarding Risk Management and ensure achievement of the objectives of i) Risk Management Process ii) Risk Assessment iii) Risk Prioritization.

The Company is exposed to market risk, credit risk and liquidity risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

**Table 6: Sources of Risk and Its Management**

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and Cash equivalents, trade receivables financial asset measured at amortised cost	Ageing analysis/ Credit rating	Department of public enterprises (DPE guidelines), diversification of bank deposits credit limits and other securities
Liquidity Risk	Borrowings and other liabilities	Periodic cash flows	Availability of committed credit lines and borrowing facilities
Market Risk- Foreign Exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in INR	Cash flow forecast sensitivity analysis	Regular watch and review by senior management and audit committee.
Market Risk- Interest Rate	Cash and Cash equivalents, Bank deposits and mutual funds	Cash flow forecast sensitivity analysis	Department of public enterprises (DPE guidelines), Regular watch and review by senior management and audit committee.

The Company risk management is carried out by the Board of Directors as per DPE guidelines issued by Government of India. The board provides written principles for overall risk management as well as policies covering investment of excess liquidity.

**(vii) Indian Oil Corporation Limited**

The company has a well laid-down risk assessment & management process. A Risk Management Compliance Board comprising senior management personnel and headed by Chief Risk Officer reviews the various risks associated with the Corporation's business. The Corporation has constituted a Risk Management Committee comprising whole time Directors, which oversees risk management activities. A report is, thereafter, put up to the Audit Committee and the Board.

The company acquiesce the fact that risk is an integral component of business and is committed to manage the risk in a proactive and effective manner. The Corporation's Enterprise Risk Management involves Risk Identification, Assessment and Categorization (based on risk appetite) and is reviewed by risk owners to optimise risks with appropriate mitigation plan. The organization has Enterprise Risk Management Policy in place. The company has also formed a Risk Management Committee to review risk management process involving risk assessment and minimization procedure as well as to approve the derivative transactions above USD 50 million on 'mark to market' basis.

With reference to commodity price risk or foreign exchange risk, Indian Oil has policy in place to undertake risk management activities through refining margin hedging, inventory hedging and crude oil price hedging depending upon the market conditions. The market is closely monitored on a regular basis and mitigation strategies are adopted in line with the risk management policy. The Company manages its foreign currency risk through combination of natural hedge, mandatory hedging and hedging undertaken on occurrence of pre-determined triggers. The hedging is mostly done through forward contracts.

**(viii) Bharat Petroleum Corporation Limited**

The Risk Management Committee of the Board has defined roles and responsibilities which includes reviewing and recommending of the risk management plan and reviewing and recommending the risk management report for approval of the Board with the recommendation by the Audit Committee. The Audit Committee evaluates internal financial controls and risk management systems. The Company has adopted a Risk Management Charter and Policy for self-regulatory processes and procedures for ensuring the conduct of the business in a risk conscious manner.

The Roles and Responsibilities of Risk Management Committee include the following:

- Review and recommend the risk management plan comprising risk assessed and their mitigation plans, identification of corporate level risks and their mitigation plans for approval of the Board with the recommendation by the Audit Committee;
- Review and recommend the Risk Management Report comprising of status of risk mitigation plans (including reporting of risks by businesses) to the Audit Committee / Board;
- Review and recommend the statement to be published in the Board's Report indicating development and implementation of the risk management policy for the company;
- Review and recommend any other proposal pertaining to Risk Management to be put up to the Audit Committee / Board.

Thus, it can be stated without an iota of doubt that all the Maharatnas have embraced the requisite measures towards risk management.

XLII) *NHPC Limited* : Risk Management Policy establishes a structured and disciplined approach to Risk Management including the development of a risk register to guide decisions on risk related issues. The Policy was revised in July, 2015 wherein a total of 54 key risks had been identified along with their mitigation measures and recorded in the risk register. The Risk Management Committee comprising Independent and Functional Directors has oversight on all the risks assumed by the Company. Risk co-coordinators for each of the risks are identified, who are responsible for timely action to manage the risks, which may have detrimental effect on the business of the Company. Implementation of risk management policy has resulted in increased focus on corporate governance and managing the risks during construction and operation of power stations/projects. Company has also improved the compliances relating to legal and regulatory frameworks with periodic compliance audit of its various locations.

Company has a well-defined risk management policy to provide overall framework for the risk management in the Company. In line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Board level Risk Management Committee has been constituted. The role of Risk Management Committee is to assist the Board in management of key risks, as well as aligning the strategic objectives with the organization's operations to achieve the intended outcomes. Risk Management Committee further ensures that appropriate systems are in place to manage the identified risks, so that organization's assets are suitably protected.

In order to achieve the above objectives, Risk Management Committee is assisted by Risk Assessment Committee comprising of Chief Risk Officer and other heads of key departments/regions who are of the level of Executive Directors. Risk Assessment Committee identifies the key risks, suggest mitigation measures and monitor/supervise the implementation of risk management policy. The heads of departments/ regions/ projects/ power stations implement and review the directions issued by Risk Assessment Committee on the

identified risks and their mitigation measures.

Some of the key risks being faced by the Company, their impact and corresponding strategies undertaken for mitigation are discussed as under:

**Table 7 : Key risks, their impact and corresponding strategies**

Risk description	Mitigation measures
Uncertain geological conditions could result in delays in project commissioning, time and cost overruns arising due to events such as disruptions in tunneling activity and difficult working conditions.	<ul style="list-style-type: none"> <li>• Detailed surveys/studies are being carried out by competent personnel/ consultants during the investigation stage, to address geological challenges anticipated while assessing the feasibility of project</li> <li>• Comprehensive analysis is being carried out to ascertain the causes of adverse geological events and their resolutions</li> </ul>
Delay in start of construction due to lack of adequate / timely clearances / approvals from the respective Ministries / Departments.	<ul style="list-style-type: none"> <li>• Various State Government departments such as environment and forests, which causes most of the delays are being sensitized about various issues relating to the project.</li> </ul>
Non-realization of outstanding dues from the beneficiaries.	<ul style="list-style-type: none"> <li>• Adequate penalty clauses are being incorporated in the ensuing Power Purchase Agreements.</li> </ul>
Lack of investments for financing projects due to high gestation period of projects and lower returns.	<ul style="list-style-type: none"> <li>• Availability of long-term finance at low cost from international sources, including Export Credit Agencies (ECAs) and through the use of credit enhancement mechanisms, such as the World Bank partial risk and partial credit guarantees are being tied up.</li> </ul>
Abandoning of projects midway due to: (i) Change in Government regulations (ii) Change in Government policies. (iii) Change in Government directives	<ul style="list-style-type: none"> <li>• Proactive liaisoning is being done with State Government Departments / Ministries through Relationship Management Committees.</li> </ul>
Delays in acquisition of land for various locations of the project such as Dam, power house, switch yard etc.	<ul style="list-style-type: none"> <li>• Proactive liaisoning is being done with State Government departments through the Relationship Management Committee for land acquisition.</li> <li>• Effective implementation of rehabilitation &amp; resettlement policies of NHPC and State Governments is ensured.</li> </ul>

Non-adherence to CERC guidelines for tariff petition may lead to financial implications.	<ul style="list-style-type: none"> <li>• The commercial team is ensuring that the tariff petitions are filed as per the CERC guidelines.</li> <li>• The tariffs are internally reviewed at different levels to ensure that they are in line with the CERC guidelines.</li> </ul>
--	--

#### **(XLIII) North Eastern Electric Power Corporation Limited**

The evolving and fast changing environment demands a dynamic Risk Management Policy. The Risk Management Policy thoroughly reviewed and prepared afresh to cope with the present market scenario has already been implemented. A Risk Management Committee has been formed with the Heads of all Departments and Projects to identify the key risks, suggest mitigation measures and ensure effective implementation of the Risk Management Policy along with reporting to the Risk Review Committee. The Chief Risk Officer is designated to coordinate with all the departments / project sites / power sector heads in establishing and implementing the risk management processes effectively in their area of responsibilities, to communicate with the Risk Review Committee and convene its meeting. The Risk Review Committee comprises of the three Functional Directors for aligning the strategic objectives with the organization's operations in order to achieve intended outcomes and report to Audit Committee for further review and evaluation.

The Chief Risk Officer has held meeting with the heads of various establishments and also visited different projects sites to discuss potential risks and the preventive measures thereof. A report on all the assessments carried out along with the status of implementation was prepared defining the responsible heads and was submitted to all the members of the Risk Review Committee for their appraisal along with copies to all the members of the Risk Management Committee.

Automation of the Risk Management Policy is also in process of implementation to facilitate and expedite the related activities e.g. communicating the identified risks, adoption of mitigation measures in a time bound manner with alert system, preparation and generation of reports in flexible formats or durations. The IT department of NEEPCO has developed the software to suit the Corporation needs.

Some of the major Risks and Concerns faced by NEEPCO are:

- a) Land acquisition is a persistent issue involved in the implementation of hydro projects.
- b) There is a severe impact on the commercial viability of hydro power projects with the prevailing norms regarding release of environmental flow (e-flow) and payment of Net Present Value (NPV) towards diversion of forest land. Payment of NPV is in addition to the Compensatory Afforestation to be grown normally over double the forest land under diversion.
- c) Subterranean geological surprises leading to time and cost overrun in hydro project implementation.
- d) Law and Order issues along with lack of infrastructure at sites leading to project time and cost overruns.
- e) Acidic water in the reservoir of Kopili HE Plant due to Acid Mine Drainage at the catchment of the Plant is major threat, which is not only causing frequent shutdown of plant, but also huge expenditures have to be incurred for rectification/renovation works.
- f) Non-clearing of dues by the beneficiaries against sale of power is another major concern which is affecting the cash flow of the Corporation.

### 3.5 Related Party Transactions

Section 188(1) and (2) states that as regards to the transactions which are enlisted, if they are conducted with a related party, board approval is required. This includes sale, purchase and supply of any goods or materials, availing or rendering of services, buying, disposing or leasing of properties, appointment of a related party to an office or place of profit in the company, its subsidiary company or associate company and underwriting the subscription of any securities or derivatives thereof, of the company. Here, the exemption that is carved out is when a government company enters into a contract or agreement with another government company; they would not require board approval. Further a government company, other than a listed company in respect of contracts or arrangements other than sale, purchase or supply of any goods or materials, in case such company obtains approval of the Ministry or Department of the Central Government which is administratively in charge of the company, or as the case may be, the State Government before entering into such contract or arrangement. The present exemption shields unlisted CPSEs & SLPEs from board approval. An approval from the concerned ministry is the only requirement for clearing related party transactions.

Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 specifies that the listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions. The regulation further explains that a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. According to regulation 23(2) all related party transactions require prior approval of the audit committee. Regulation 23(3) a, b, c, d, e lists various provisions and criteria for granting omnibus approval for related party transactions by the audit committee. 23 (3) d, states that audit committee shall review at least on a quarterly basis the details of the related party transactions for which omnibus approvals are given. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year 23 (3) e. As mentioned in 23(4) all material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to a particular transaction or not. Regulation 23 (5) has exempted transactions entered into between two governments companies and transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before shareholders at the general meeting for approval from taking omnibus approval from the audit committee as per 23 (2), (3) and (4).

All Bharat Heavy Electricals Limited, Coal India Limited, GAIL (India) Limited, Indian Oil Corporation Limited, NTPC Limited, Oil & Natural Gas Corporation Limited, Steel Authority of India Limited & Bharat Petroleum Corporation Limited have adopted this Related Party Transaction Policy dealing with the identification, review and approval of Related Party Transactions.

This Policy is intended to ensure the approval mechanism and reporting of transactions between the Company and its related parties as defined in the Policy. In accordance with the Companies Act, 2013 and SEBI. It may be modified pursuant to the Amendments in the Companies Act, Rules or SEBI.

The summary of the policy on Related Party Transactions are as follows:

- Every Related Party Transaction shall have prior approval of the Audit Committee. While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company, or any other relevant matters.
- Omnibus Approval granted by Audit Committee may grant omnibus approval for Related Party

Transactions provided it is satisfied that there is a need to grant such approval in the interest of the Company.

Such approval may be granted by Audit Committee for the proposed transaction subject to the following:

- i) Transactions are repetitive in nature;
  - ii) Sufficient disclosure shall be made to the Audit Committee, including the following:
    - a) name/s of the related party,
    - b) nature of transaction
    - c) period of transaction
    - d) maximum amount of transaction that can be entered into
    - e) the indicative base price / current contracted price and the formula for variation in the price if any and
    - f) such other conditions as the Audit Committee may deem fit.
  - iii) In case any of such transaction considered to be Material Related Party transaction, audit committee shall recommend to the Board for its approval and to seek approval from Shareholders of the Company.
- The audit committee may consider omnibus approval for such transaction subject to their value not exceeding Rs 1 Cr. per transaction, where the need for RPT is not foreseen or above mentioned details are not available.
  - The Audit Committee shall review, at least on a quarterly basis. Further, such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
  - The Audit Committee shall also review and approve any subsequent modification of transactions of the Company with Related Parties.
  - Shareholders' Approval - All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis, (b) Material Related Party Transactions, shall require approval of company shareholders through special resolution (after due approval by the Board).
  - Exemptions from Audit Committee approval & Shareholder approval – Approval of Board and shareholders shall not be required in the following cases of Material Related Party Transactions which are on arm's length and in the ordinary course of business:
    - i) Transactions entered into between two government companies;
    - ii) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company placed before the shareholders at the general meeting for approval.
  - Ratification of the Related Party Transactions - Where any contract or arrangement, which is considered

as a Related Party Transaction exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board or the shareholders of the Company, as the case may be, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

In case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

- Related Party Transactions not approved under this Policy- In the event of inadvertent omission to seek the approval of the Related Party Transaction in accordance with the Policy, the matter shall be reviewed by the Audit Committee.
- Every Contract or arrangement entered with Related Parties to which Sub section (1) of Section 188 of the Companies Act 2013 is applicable shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements. The disclosures required in terms of Companies Act, 2013 and SEBI. Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance. The company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report.

### 3.6 Management Discussion and Analysis

The term Management Discussion and Analysis refers to a section of the annual report that provides investors with insights into how the business performed in the past, its current financial condition as well as projections of future performance. Management Discussion and Analysis (MD&A) is normally included with a company's annual report or Form 10-K, allowing the investor-analyst to understand how the leaders of the business believe the company has performed over the last year and what the future may bring. Also referred to as MD&A, Management Discussion and Analysis of Financial Condition and Results of Operations is a required disclosure made by companies that fall under the jurisdiction of the Securities and Exchange Commission (SEC). The MD&A provides an overview of the performance of a business in the prior year as well as insights into its future prospects. Typically included as part of the company's annual report or Form 10-K, the document attempts to provide investors with a balanced view of the corporation as seen through the eyes of its management team.

While the information appearing in the MD&A is unaudited, it does help investors to understand how the company's management team reacts to both challenges and opportunities. Generally, this discussion will touch on several topics, including:

- **Growth and Strategy** : industry trends, financial flexibility, core competencies, ability to execute, differentiators and capabilities.
- **Challenges and Opportunities** : key events, demands on the business, commitments to others and uncertainties on the horizon, as well as their implications and significance to the business.
- **Historical Performance and Outlook** : key performance indicators, observations with respect to financial statements, profits, earnings, cash flow, and whether or not past performance may be indicative of future results.
- **Financing and Investments** : cash holdings, liquidity, capital requirements, and critical estimates.

The MD&A should present the reader with the most significant items up-front, and focus its analysis on information that is material to the finances of the company.

The following paragraph discusses in brief the MD & A of selected central public sector enterprises.

### **1. Bharat Heavy Electricals Limited**

Domestic economy is experiencing a turnaround but is still reeling under the impact of uncertainties. RBI has projected Gross Value Added (GVA) growth of 7.3 % in 2017-18 as compared to 6.6% in 2016-17. Over the medium run, the roll out of the Goods and Services Tax (GST) and enacting other structural reforms should push the economy towards a higher growth path. However, capacity underutilization and delayed revival of capital investment still pose major challenge to the growth of Indian industry.

BHEL recorded a turnover of H 28,840 Crore, up 10.7% over the previous year, reversing the trend of negative topline growth prevailing for the last three years. Company returned to profitability with a Profit Before Tax of H 628 Crore, compared to a loss before tax of H 1,164 Crore in the last year. Profit After Tax stood at H 496 Crore, against a net loss of H 710 Crore in the previous year. BHEL secured orders worth H 23,489 Crore during 2016-17. This was achieved despite subdued business environment coupled with intense competition in domestic and overseas markets. Enhanced focus on project execution has resulted in BHEL achieving a capacity addition of 45,274 MW during the 12th Five Year Plan period (2012-17), surpassing the target of 41,661 MW set by the government for BHEL, by 9%. Company's strategy is to maintain leadership in existing businesses and focus on diversification to drive the next wave of growth which includes harnessing opportunities in the areas of solar power, transmission, transportation, defence and water.

BHEL too is transforming and has embarked upon a transformation journey with a vision of 'Creating BHEL of Tomorrow' – creating an organization which will be Rising, Robust and Responsive to the needs of customers, employees, shareholders and society. With several initiatives taken under Execution, Consolidation & Simplification as a part of this transformation process, the company is also putting a series of efforts focused on sustaining growth and profit; asserting leadership in core business and developing people & digital capabilities; and finally, building capabilities in new businesses and technology for sustained growth.

### **2. Coal India Limited**

#### *Industry Structure and Development*

India is currently the third largest producer of coal in the world. It produced around 6 million tonnes of coal a year in the beginning of the 20th century. Today, the total production stands at 660 million tonnes in FY2016-17, in sync with our developmental needs.

Coal India Limited (CIL) is the single largest coal producing company in the world, with a total production of 554.14 million tonnes during the fiscal 2016-17. It accounted for 84% of total coal produced in India during the year. It is a Maharatna Company, listed in Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

CIL is an apex body with 7 wholly-owned coal producing subsidiaries and 1 mine planning and Consultancy Company, spread across 8 states in India. CIL also fully owns a mining company in Mozambique christened as 'Coal India Africana Limitada'.

Table 8: Coal India Limited: SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Large Scale of Operations allow economies in scale of production</li> <li>• Vast coal resource base</li> <li>• Geographical spread of operations in India allows proximity to a large and diversified customer base</li> <li>• Strong financial position</li> <li>• Skilled and diversified workforce with experience</li> <li>• Well positioned to cater to high demand of coal in India</li> <li>• Consistent track record of growth</li> <li>• Strong track record of financial performance</li> <li>• Strong capabilities for exploration, mine planning, research and development</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• High cost of production in underground (legacy) mines with severe implication</li> <li>• Constraints in evacuation</li> <li>• High dependence on coal based power plants</li> </ul>
<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• High dependence on Indian Railways for evacuation of coal</li> <li>• Resistance to part with land, creating problems in acquisition of land and rehabilitation</li> <li>• Illegal mining</li> <li>• Decrease in global coal demand, Reduced domestic demand for high grade of coal</li> <li>• Law and order problems</li> <li>• Appreciation in Land cost</li> <li>• Increasing proportion of renewables in the energy mix</li> <li>• Compensation Cess (making it unviable compared to alternate energy sources)</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Strong economic growth in India and resultant demand for energy, particularly coal as an energy source</li> <li>• Being a cheaper source of energy compared to alternate sources available in India, demand to continue to remain strong</li> <li>• Diversification in renewable energy.</li> </ul>

Table 9 : Segment-Wise Performance

Offtake:

Particulars	April-Mar'17	April-Mar'16	April-Mar'15
Offtake (Mill Te)	543.32	534.50	489.38
Growth (over previous year)	1.7%	9.2%	3.8%

Table 10 : Statement of Break- up of offtake (in Million Te)

Particulars	April'16- March'17	%	April'15- March'16	%	Growth %
Off-Take	543.32	100.0%	534.50	100.0%	1.7%
Less: Own Consumption	0.27	0.1%	0.30	0.1%	-9.8%
Less: Feed to washeries	18.62	3.4%	18.87	3.5%	-1.3%
Less: E-auction	92.38	17.0%	67.00	12.5%	37.9%
Despatch to outsiders under FSA	432.05	79.5%	448.33	83.9%	-3.6%

Table 11 : Sector-wise dispatch of coal &amp; coal products (In Million Tonnes)

(Figs. In million tonnes)

Year	2016-17			2015-16	Growth over Last Year	
	AAP Target	Despatch	% Satn.	Actual	Abs.	%
Power (Util)	450.990	425.397	94.3%	413.109	12.3	3.0%
Steel	2.622	3.345	127.6%	3.415	-0.1	-2.1%
Cement	5.585	3.672	65.8%	4.671	-1.0	-21.4%
Fertilizer	2.745	2.145	78.2%	2.294	-0.1	-6.5%
Others	136.089	107.934	79.3%	111.135	-3.2	-2.9%
Total Despatch	598.031	542.494	90.7%	534.624	7.9	1.5%

Table 12 : Production from underground and opencast mines

Subsidiary-wise production from Underground & Opencast Mines in 2016-17, compared to 2015-16 were as under:

(Figures in Million Tonnes)

Company	Underground		Opencast		Total		% of Growth
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	
ECL	8.127	7.329	32.390	32.880	40.517	40.209	0.77
BCCL	1.679	1.807	35.358	34.054	37.037	35.861	3.28
CCL	0.737	0.848	66.310	60.476	67.047	61.324	9.33
NCL	0.000	0.000	84.096	80.224	84.096	80.224	4.83
WCL	5.368	7.180	40.264	37.635	45.632	44.815	1.82
SECL	14.548	15.507	125.455	122.427	140.003	137.934	1.50
MCL	1.015	1.112	138.193	136.789	139.208	137.901	0.95
NEC	0.003	0.003	0.597	0.483	0.600	0.486	23.46
CIL	31.477	33.786	522.663	504.968	554.140	538.754	2.86

## Off-Take of Coal

Table 13: Subsidiary-wise Off-take of coal in 2016-17 compared to 2015-16

(Figures in Million Tonnes)

Company	2016-17	2015-16	% of Growth
ECL	43.019	38.607	11.43
BCCL	34.919	36.141	(3.38)
CCL	60.934	59.582	2.27
NCL	83.491	78.532	6.31
WCL	39.497	42.310	(6.65)
SECL	137.670	138.748	(0.78)
MCL	143.013	140.234	1.98
NEC	0.777	0.342	127.19
CIL	543.319	534.496	1.65

Table 14: Overburden Removal

The Company wise overburden Removal has been shown as below:

(Figures in million cubic metres)

Company	2016-17	2015-16	% of growth
ECL	124.637	119.219	4.54
BCCL	131.215	148.591	-11.69
CCL	102.630	106.778	-3.88
NCL	324.136	338.089	-4.13
WCL	166.142	155.146	7.09
SECL	178.791	175.367	1.95
MCL	123.342	98.414	25.33
NEC	5.484	7.304	-24.92
CIL	1156.377	1148.908	0.65

## Outlook

With more than 70% contribution, coal is the mainstay of power generation in the Country. CIL's growth plan for the future is in synergy with the ambitious plan of the Government for round the clock power supply to all homes of the Country. Sustainability of such growth by minimizing the environmental impact being a major issue, thrust is given in qualitative improvement in coal production through selective mining, beneficiation and blending. CIL has envisaged coal production and off-take target of 600 Mt in 2017-18. 75% of the said production would be consumed by power sector only. A roadmap to achieve more than 900Mt of coal production by 2019-20 has also been prepared in its vision to achieve one billion tonne. This would call for developing matching logistics infrastructure. Apart from creating new infrastructure, optimum utilization of existing capacity through a dynamic process of source rationalization is another key area of activity. By means of launching linkage auction scheme, an in-built system of source rationalization has already been put in place for non-regulated sector. CIL is also exploring opportunities to diversify coal into chemical business. This is to ensure greater value addition and thereby improving financial performance of the company, and ensuring long term coal demand. CIL has planned a capital investment of Rs. 8500 crores for maintaining its volume growth in 2017-18. In addition, the company has also envisaged investment of Rs. 6500 crores in 2017-18 for development of railway infrastructure project, solar power, Coal Bed Methane (CBM), revival of fertilizer plants

and for acquisitions of domestic coal blocks & coal blocks abroad etc. Further, CIL plans to significantly ramp up its investment programme in the next five years also.

### **Marketing Outlook**

The Working Group on Coal and Lignite, during the formulation of XII Plan document, projected a widening gap between demand and indigenous availability of coal to the tune of 273 Mt by 2021-22. The present production roadmap of 908.10Mt from CIL sources by 2019-20 would substantially reduce the gap. It is envisaged that barring the import of coking coal, essentially for quality reasons, India will be self-sufficient in meeting the requirements of thermal coal by 2019-20. Non-Coking Coal imports in the country had declined by 7.07Mt from 156.38 Mt in 2015-16 to 149.31 Mt in 2016-17 resulting in substantial foreign exchange savings. CIL has also taken an initiative to build logistics infrastructure to ensure evacuation of planned quantity of production. CIL has also taken an initiative to build logistics infrastructure to ensure evacuation of planned quantity of production.

### **Operations Outlook**

CIL has identified 120 on-going projects and 65 future/new projects, which will together contribute about 80% of total coal production envisaged for 2019-20. SECL, MCL, NCL and CCL will be the major contributors. The expansion programme will be managed in a structured manner with the help of IT enabled actions. The implementation of ERP solution to enable transparency in operations, maintenance and support functions is being undertaken. The Company has already conducted a study for mechanization and automation level across a substantial number of mines.

The Company has already conducted a study for mechanization and automation level across a substantial number of mines. This is aimed at identification of opportunities in mine planning, exploration, survey, operations and maintenance and are under different phases of implementation.

### **Research & Development**

CMPDIL is the nodal agency for coordination and monitoring of S&T projects in the coal sector as well as the R&D projects of CIL. During 2016-17, expenditure incurred in 6 R&D projects was to Rs.1365.66 lakhs.

#### *Discussion on Financial Performance with respect to Operational Performance*

The Consolidated financial statements of CIL, hereinafter referred as "company", have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. These financial statements for the year ended 31st March 2017 are the first financial statements of the Company prepared in accordance with Ind AS. Figures of previous year have also been restated as per the requirement of Indian Accounting Standards (Ind AS).

### **Total Income**

Total Income of the Company comprises Revenue from operations and other Income. Major revenue of the company under above two heads of total income includes income from sale of coal, consultancy and other services related to mine planning & designing, interest earned on investments such as term deposits with banks, dividend income from mutual funds etc. The total income for financial Year 2016-17 is Rs.89323.73 crore as against Rs.89501.56 crore in the previous year registering a decrease of 0.20%.

### **3. GAIL (India) Limited**

#### *Sourcing & Trading of Gas and Re-gas Infrastructure*

The Company is playing a pivotal role in securing the country's energy needs in view of its vast investments in

natural gas infrastructure assets towards gas security. In order to bridge the demand-supply gap of natural gas in the country, the Company has taken proactive steps for importing gas. It has tied-up long term LNG from the USA (5.8 MMTPA), Russia (2.5 MMTPA) and Turkmenistan (38 MMSCMD equivalent to ~10 MMTPA through TAPI pipeline) in addition to marketing Qatar and Australia based long-term volumes and trading short/medium/spot based R-LNG.

The long-term LNG supply projects from the USA, namely Sabine Pass and Dominion Cove Point, have achieved significant project milestones and are on course to commence supplies between the fourth quarter of CY 2017 and first quarter of CY 2018. The Company is also participating in the Turkmenistan Afghanistan-Pakistan- India (TAPI) pipeline project by forming a JVC namely TAPI Pipeline Company Limited (TPCL) by member countries to build, own and operate the planned 1800 kms transnational pipeline. A diversified portfolio of LNG/gas sources provides the Company the flexibility to serve its customers in the best possible manner in a competitive business environment over the long-run.

#### *Natural Gas Transmission*

The Company is the market leader in providing transmission services of natural gas and operates around 75% (over 11000 kms of natural gas pipelines) of the total Natural Gas transmission in India. During the year, transmission segment registered an increase of 9% growth in volumes over last fiscal year by clocking 100.4 MMSCMD.

#### *National Gas Grid Implementation*

The Company is implementing the following major Natural Gas pipelines (approx. 4150Kms) as a part of cross-country National Gas Grid:

1. Kochi-Koottanad-Bengaluru/Mangalore Pipeline (Phase-II, 870 kms): Kochi to Mangalore pipeline is under progress and is expected to be completed by December 2018.
2. Vijaipur-Auraiya-Phulpur Pipeline: In order to de-bottleneck the upstream network of JHBDPL project, a parallel pipeline from Vijaipur to Auraiya and upto Phulpur (670 kms) is under execution.
3. Jagdishpur-Haldia & Bokaro Dhamra Pipeline (JHBDPL); 2,600 Kms. is under progress in phases.

#### *Petrochemicals*

The Company doubled the polymer production capacity from 410 KTA to 810 KTA at Pata. Overall production from Petrochemicals complex in 2016-17 was 6,04,000 MT during the year. The Company exported 14,000 MT of polymers in Asia.

#### *LPG and Other Liquid Hydrocarbons*

The Company has been able to increase LPG sales by about 15 – 20 % and expect this trend to be maintained. Jamnagar-Loni Pipeline (JLPL) and Vizag- Secunderabad LPG pipeline (VSPL) are operating at full capacity. JLPL's design capacity is being augmented from 2.5 to 3.25 MMTPA and is expected to be commissioned by March 2018.

#### *Financial Performance*

Gross Sales Gross – Sales decreased by 6 % from Rs.52,003 crores during 2015-16 to Rs.48,789 crores in 2016-17.

Profit After Tax (PAT) – Profit after Tax increased by 57% from Rs.2,226 crores during 2015-16 to Rs.3,503 crores in 2016-17.

Earnings Per Share (EPS) - In view of the increase in PAT, EPS (adjusted after Bonus issue in FY 16-17) has gone up from Rs.13 per share as on March 31, 2016 to Rs.21 per share as on March 31, 2017.

#### *Project Profit Maximization (Sanchay)*

The Company launched a comprehensive initiative under "Project Sanchay" across all the business segments of the Company to optimize existing resources, improve operational and process efficiencies, reduce costs and maximize profitability. Benefits from the implemented initiatives under Project Sanchay have been more than the target benchmarks of Rs.400 crore on NPV basis. Medium to long term initiatives are underway. In order to take forward the initiative and sustain operational excellence, a center of business excellence is now being established.

### **4. Indian Oil Corporation Limited**

#### *Global Economic Situation*

In 2016, the world economy witnessed a slowdown in growth. Global growth slipped to 3.1 per cent from 3.4 per cent recorded in 2015. In the advanced economies, growth slipped to 1.7 per cent in 2016, from 2.1 per cent recorded in 2015. In the emerging economies, growth slipped slightly to 4.1 per cent in 2016, from 4.2 per cent recorded in 2015. A slowdown in the output growth in the US, where it took a one percentage point hit, falling to 1.6 per cent in 2016 from 2.6 per cent recorded in 2015, acted as a major decelerating force on the growth in the advanced economies. In other major economies, there was only a slight slowdown and the overall pace of growth was maintained.

#### *Indian Economic Situation*

Growth in 2016-17 was propelled by a buoyant private consumption, monsoons which boosted rural incomes, upturn in exports and robust scale-up in government consumption. On the other hand, sluggish investment growth, low capacity utilisation and stressed bank assets acted as growth limiting factors. The Government's move to withdraw high denomination currency notes in November 2016 gave a short-term jolt to growth but marked the beginning of bold reforms. Another development that underscored the Government's commitment towards creating an environment conducive to business and growth was the passage of the Constitutional amendment that paved the way for rollout of the Goods and Services Tax (GST). The economy's performance on key macroeconomic parameters was healthy.

#### *GDP*

Growth During the year, GDP growth in India slid to 7.1 per cent from 8.0 per cent recorded in the previous year. A short-term shock to the economy from the demonetisation move in November 2016 and replacement by new notes affected growth in the third and fourth quarters.

#### *Industry Structure & Developments*

### **Global Energy Scenario**

In 2016, global primary energy consumption increased by 1 per cent on year-on-year basis, which was a marked slowdown as compared to its 10 year average of 1.8 per cent growth. The fastest growing energy source was renewable energy (including biofuels), which grew at a much faster pace than the total energy demand, rising by 12 per cent during 2016. On the other hand, coal consumption declined for the second year in a row. Oil consumption grew by 1.6 per cent boosted by low oil prices and provided the largest contribution to growth in energy consumption. Natural gas consumption recorded 1.5 per cent growth and was below its decadal growth rate. In terms of geographical spread of energy consumption, energy demand in

advanced economies remained almost stagnant, growing by a mere 0.2 per cent, and it was the developing economies that propelled the growth, growing by 1.7 per cent in 2016.

However, for the developing economies, the growth was less than half of its 10-year average growth rate, mainly on account of a marked slowdown in Chinese energy demand growth resulting from the structural rebalancing of the Chinese economy.

### **Oil Market - International**

International crude oil (Brent) prices averaged at \$48.62/bbl in 2016-17, only slightly higher than the average of \$47.46/bbl in 2015-16. However, the average masks the conditions that prevailed in the market. During the year, the price levels were found to be in a wide range of \$36.06/bbl (5th April 2016) to \$ 56.30/bbl (21st February 2017). From the lows of early 2016, the prices steadily edged upwards during the year as the market rebalanced.

### **Gas Market - International**

During the year, there was a marked slowdown in global gas production growth. There was a weak growth of 0.3 per cent, which is the lowest annual growth in gas output recorded in the last 34 years, with the only exception being that of 2009. The main factor explaining the sluggish growth was a fall in US gas production by 2.5 per cent; this was the first time US gas production fell since the US shale gas revolution started. Despite the overall sag, a robust increase in Australian production to the tune of 25 per cent was a highlight for the year as many LNG projects came on stream there.

As regards the LNG market, global LNG trade set a new record during 2016, reaching 258 MMT (342 bcm) with an increase of 5 per cent from 2015. Growth rate in 2016 was a noticeable increase from the average growth of 0.5 per cent over the last four years, a time when there were few supply capacity additions. New capacities in the Pacific Basin, primarily in Australia, as well as the start of exports from US enabled this increase. Demand growth was most pronounced in Asia; China, India, and Pakistan added a combined 13 MMT (17.2 bcm) in incremental LNG demand. A major development in regard to LNG trade was the opening of the expanded Panama Canal in mid-2016. This expansion has come as a major positive for the global LNG trade logistics as it will result in reduced transit distances and better cost economics.

### **Indian Energy Sector**

India's energy mix is dominated by coal followed by oil and natural gas. During 2016, yet again, India emerged as a major growth centre for global energy demand. Growth in energy consumption in India at 5.4 per cent was in line with the average growth rate witnessed in the last decade. India's energy consumption expanded, driven by a robust economic growth performance. In terms of the energy mix, mirroring the global trend, the fastest growth was registered by renewable energy followed by gas. Growth in oil consumption slowed down from the high growth rate recorded in the previous year; nevertheless, consumption continued to be buoyant. In contrast, growth in coal consumption continued to be slower as compared to the past.

Energy is vital for economic growth. For the Indian economy, the challenge is to ensure availability of adequate energy for meeting the growth and developmental requirements while addressing environmental concerns. The Government of India has been working consistently on reforms and policy initiatives in this sector to ensure growth that is both secure and sustainable. Some of the key reforms and initiatives under implementation, which are redefining the sector's future include:

- *India's Climate Pledge* : The Paris Agreement entered into force on November 4, 2016. India's Nationally Determined Contributions (NDCs) under this agreement offer a comprehensive approach

to curb the worst impacts of climate change while fostering economic growth, increasing energy access, creating jobs, protecting forests, and providing cleaner air and water for its citizens. India's NDCs include reduction in emissions intensity of its GDP by 33 to 35 per cent by 2030 from 2005 levels and a 40 per cent cumulative electric power installed capacity from non-fossil-fuel energy resources by 2030, among others.

- *175-GW Renewable Energy Installed Capacity by 2022* : In 2015, the Government scaled up its renewable energy targets to achieving 175 GW of installed power from renewable energy, which included 100 GW solar and 60 GW from wind by the year 2022. Major programmes/ schemes, including Solar Park, Solar Defence Scheme, Solar scheme for CPSEs, Solar PV power plants on Canal Bank and Canal Tops, Solar Pump, Solar Rooftop, reverse auctioning for wind-power plants, among others have been launched during the last two years so as to achieve the renewable energy target.
- *Reduction in Crude Oil Import Dependency* : As a measure to mitigate India's vulnerability to oil price swings, the Government proposed reducing dependence on imported oil by 10 per cent by 2021-22. The roadmap for reduction of import of crude oil dependence includes steps such as increasing domestic production of oil & gas, promoting energy efficiency and conservation measures, thrust on demand substitution, capitalising untapped potential in bio-fuels and other alternate fuels/ renewables and implementing measures for refinery process improvements.
- *Raising the Share of Natural Gas* : The low emissions profile of natural gas, coupled with improving infrastructure and availability, is resulting in expansion of the gas market in India. Gas accounts for 6.5 per cent of energy mix and the Government plans to increase its share to 15 per cent by 2030. The new Hydrocarbon Exploration and Licencing Policy, programmes for tapping unconventional sources like CBM & Gas Hydrates, efforts towards building gas pipelines and LNG re-gasification infrastructure will be instrumental in achieving this.
- *Bidding for Small Discovered Fields* : In a bid to boost domestic oil and gas production, the Government launched 'Discovered Small Fields Bid Round-2016'. Discovered Small Fields are oil and gas blocks that had remained commercially undeveloped, but are now witnessing a fresh lease of life as the Central Government seeks to exploit their potential. The first bidding round was highly successful and was completed in a short span of time, wherein 34 bids were received for 34 contract areas from 42 companies, including 5 foreign companies.
- *Hydrocarbon Exploration and Licencing Policy (HELP)* : HELP replaced the almost two-decade-old New Exploration Licencing Policy (NELP), and other policies governing exploration of Coal Bed Methane, Shale Gas & Oil, and Gas Hydrates. HELP brings in a uniform licence regime, under which the contractor will have the rights to explore all types of oil and gas resources, whether conventional or unconventional oil, under a single license. The policy also provides many incentives such as reduced royalty rates for offshore blocks, marketing & pricing freedom and easy to administer revenue sharing model.
- *Marginal Field Policy* : The objective of this policy is to bring marginal fields to production at the earliest so as to augment domestic availability of oil and gas. The salient features of this policy include single license for conventional and non-conventional hydrocarbons, no restriction on exploration activity during contract period, Revenue Sharing Contract Model, freedom to sell crude oil exclusively in domestic market through a transparent bidding process on arm's length basis and in case of natural gas, freedom of pricing and allocation of gas produced from a cluster/field/discovery on arm's length basis, among others.

- *Pradhan Mantri Ujjwala Yojana (PMUY)* : Announced during Budget 2016-17, the scheme aims at providing LPG connections to 5 crore women belonging to the Below Poverty Line (BPL) families over a period of 3 years starting from 2016-17. Priority will be given to those States where LPG coverage is lower than the national coverage. Over 2.20 crore LPG connections were issued in the first year of Pradhan Mantri Ujjwala Yojana surpassing the target of 1.5 crore for the year 2016-17. Further, 85 per cent of the new consumers have come back for a refill, which reflects the willingness of people to adopt LPG as a cooking fuel.
- *Increased Emphasis on Bio-fuels* : The Government in 2016 raised the target for ethanol blending in petrol to 10 per cent from the earlier target of 5 per cent. In pursuit of this, the Government has come up with a slew of incentives such as streamlining of supply chain, waiving off of excise duty on ethanol supplied to oil marketing companies, fixing of delivered price, among others. Further, the Government is encouraging production of Second Generation (2G) Ethanol from agricultural residues to provide additional sources of remuneration to farmers, address the growing environmental concerns and support the Ethanol-Blended Petrol (EBP) programme for achieving 10 per cent Ethanol Blending in Petrol. Oil PSUs, in line with vision laid down by the Government of India, are planning to set up 12 2G Ethanol Bio-refineries across 11 States.
- *Auto Fuel Policy* : From 1st April 2017, the country moved to BS-IV standard auto fuels. The Government in 2016 announced its decision to leapfrog from BS-IV to BS-VI emission standards in an accelerated manner, with full implementation of BS-VI emission standards by April 2020, which is four years ahead of the earlier schedule.
- *Unnat Jyoti by Affordable LEDs (UJALA)* : Lighting sector accounts for about 20 per cent of the total energy consumption in India. Light Emitting Diode (LED) based lighting has significant advantages in terms of energy and cost savings over the lighting based on incandescent bulbs. UJALA scheme aims to replace 200 million incandescent bulbs by LEDs by supplying the latter at rates 80 per cent less than the market price. The scheme is expected to bring about overall annual energy savings to 10.5 billion KWh.
- *Deen Dayal Upadhyaya Gram Jyoti Yojana* : The scheme focuses on infrastructure, including metering at all levels, in rural areas. This will help in providing round-the-clock power to rural households and adequate power to agricultural consumers. The scheme targets providing electricity to every village by May 2018 and every household by 2022.
- *Scheme for Financial Restructuring of Discoms* : Aims at achieving the financial turnaround of the Discoms by restructuring their debt with support through a finance mechanism by the Central Government.

### Oil Market - Domestic

During the year, petroleum product consumption expanded to 194 MMT, registering a growth of 5.2 per cent. There was moderation in the consumption growth momentum, from the record high growth of 11.6 per cent in the previous year. The moderation was especially visible in the last quarter of the fiscal, wherein consumption declined as compared to the same period of the previous year. There was a perceptible slowdown in growth of MS and HSD. Growth in MS reduced to 8.8 per cent in 2016-17 from 14.5 per cent in 2015-16. As regards HSD, after a buoyant 7.5 per cent growth in 2015-16, growth fell to meager 1.5 per cent in 2016-17.

### Gas Market- Domestic

During 2016-17, natural gas consumption in the country surged to around 50 bcm registering a 7 per cent

growth and taking forward the turnaround in gas consumption that was witnessed last year. On the supply side, domestic gas production declined to 31.9 bcm, while LNG imports rose 85 to 24.7 bcm in 2016-17, expanding by 16 per cent from the previous year.

#### Financial Review

#### Revenue from Operations

The Corporation clocked a revenue from operations of Rs.4,45,373 crore in the year 2016-17 as against Rs. 4,06,828 crore in the previous year. The higher revenue is due to increase in sales volumes as well as rise in international oil prices for the year. Profit Before Tax The Corporation has earned a Profit Before Tax of Rs.26,321 crore in 2016-17 as compared to Rs.16,827 crore in 2015-16. The higher profit in the current year is on account of higher margins from petrochemical and inventory gains as compared to inventory losses during the previous year partly offset by provisions for entry tax/interest and pay revision.

**Table 15: Segment Wise Sales of Energy Sector**

Rs in Crore

Particulars	Sale of Petroleum Products	Sale of Petrochemicals	Other Business	Eliminations	Total
External Revenue	4,19,442	19,802	6,129	-	4,45,373
Inter Segment Revenue	7,328	25	4,902	(12,255)	-
Total Revenue	4,26,770	19,827	11,031	(12,255)	4,45,373
Segment Results	19,969	6,822	(32)	-	26,759

Source : Annual Report 2016-17

#### Notes:

- A. Segment Revenue comprises Turnover (inclusive of Excise Duties), Net Claim / (Surrender) of SSC, Subsidy / Grants received from Governments and Other Operating Revenue.
- B. Other Business segment of the Corporation comprises Sale of Gas, Explosives & Cryogenics, Wind Mill & Solar Power Generation and Oil & Gas Exploration Activities.

#### 5. Steel Authority of India Limited

The Management of Steel Authority of India Limited (SAIL) presents its Analysis Report covering the performance and outlook of the Company.

#### World Steel Scenario

In 2016, Global Crude Steel production stood at 1,628.5 million tonnes (MT), a growth of 0.8% vis-à-vis 2015, as per World Steel Association. Crude Steel production decreased in Europe, the Americas and Africa. Crude Steel production increased in the CIS, the Middle East, Asia and Oceania.

Annual production in Asia was 1,125.1 MT of Crude Steel in 2016, an increase of 1.6% compared to 2015. China's Crude Steel production in 2016 reached 808.4 MT, up by 1.2% on 2015. China's share of World Crude Steel production increased from 49.4% in 2015 to 49.6% in 2016. Japan produced 104.8 MT in 2016, down by 0.3% compared to 2015. India's Crude Steel production in 2016 was 95.6 MT, up by 7.4% on 2015.

South Korea produced 68.6 MT of Crude Steel in 2016, a decrease of 1.6% compared to 2015. The average capacity utilisation in 2016 was 69.3% compared to 69.7% in 2015.

World Steel Association has forecast that global steel demand will increase by 1.3% to 1,535.2 MT in 2017, following growth of 1.0% in 2016. In 2018, it is forecast that global steel demand will grow by 0.9% and will reach 1,548.5 MT. Steel demand in the emerging and developing economies excluding China, which accounts for 30% of world total, is expected to grow by 4.0% in 2017 and then 4.9% in 2018.

#### *Indian Steel Scenario*

During April-March 2016-17, Crude Steel production was reported at 97.4 million tonnes, growth of about 8.5% over last year. The finished steel production also registered a handsome growth of 11.3% during April-March 2016-17. Import of total finished steel was at 7.5 million tonnes in the Financial Year 2016-17 and saw a significant decline of 36.6 % compared to same period of last year.

India saw a growth of 102.1% in exports during 2016-17 (8.244 million tonnes) over the last year and India emerged as a net exporter of total finished steel. India's consumption of total finished steel saw a growth of 3% in April-March 2016-17 (83.93 MT) over same period of last year.

Further, with the Government's focus on manufacturing and industry coupled with spending on infrastructure (roads, rail and ports etc.), the demand for steel is going to increase in the coming years.

### **Opportunities & Threats for SAIL**

#### *Opportunities*

- With an accelerated push from the policies proposed by the Government regarding steel intensive segments such as infrastructure, capital goods and construction, India is all set to become the 2nd largest steel consumer in the World in the coming years.
- High export potential to markets of Middle East and South East Asia.
- Potential for improving product quality and reducing cost through operational efficiency and utilization of the modernized units.

#### *Threats*

- Dumping of steel from abroad and increased competition from domestic and international steel companies located in India.
- Cheap sourcing of steel from countries with whom India has Free Trade Agreement (FTA).

### **Outlook**

Analysts are upbeat over the expected above normal monsoon and higher GDP growth. The slow pace of public and private sector projects is expected to improve with the Government of India's thrust on infrastructure projects. Further, 'Make in India' initiative has got a boost by a slew of measures aimed at improving the ease of doing business in the Country. Small and medium industry- a major employment generator for the economy- has been liberated to participate in the Nation's development in accordance with its potential. Bold measures by the Government such as improved targeting of subsidy, broadening of the tax base and expected buoyancy in tax revenue are all aimed at achieving the fiscal consolidation which had been an area of concern in the recent past.

## Strengths & Weaknesses

### Strengths

- SAIL continues to be among the leading steel producers of the Nation.
- Multi located production units give us an edge over other domestic steel players.
- Reasonably modernised units after completion of the on-going modernisation and expansion.
- Well established nationwide marketing and distribution network helps in enhancing the reach of SAIL products all across the Country.
- Most diverse product range offered by any domestic steel company.
- Availability of land bank at existing plant/unit locations for future brownfield expansion.
- Input security - 100 per cent integration in iron-ore.
- Highly qualified professionals with experience in steel making.

### Weaknesses

- Dependence on external sources for key input - coking coal leads to exposure of the Company to the market risk.
- Newly commissioned large volume blast furnaces are more demanding with respect to raw material quality and consistency. To address this issue, higher percentage of prepared burden with increased proportion of pellets is planned.
- High manpower cost and relatively low manpower productivity.
- Currently, around 25% of the products are in the form of semi-finished steel, resulting in lower value addition to the product portfolio. The share of semis is being targeted to be brought down by increasing the output from new rolling mills.

### Review of Financial Performance

#### Financial Overview of SAIL

The Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standard) Rules, 2015 enabling implementation of IND AS. Pursuant to this notification, SAIL and its subsidiaries, associates and joint ventures have adopted IND AS with effect from 1st April, 2016.

Accordingly, the Standalone and Consolidated Financial Statements for the year ended 31st March, 2017, and 31st March, 2016 including transition date balance sheet as at 1st April, 2015, have been prepared in accordance with IND AS. SAIL achieved sales turnover of Rs.49,180 crore during the Financial Year 2016- 17, which was higher by 14% over last year's turnover of Rs.43,294 crore. During the Financial Year 2016-17, there was Loss after Tax of Rs.2,833 crore as compared to Loss after Tax of Rs.4,021 crore during the last year, which is 30% lower than corresponding period of last year. All the financial figures have been reworked as per INDAS for 2015-16. The comparative performance of major financial parameters during the Financial Years 2016-17 and 2015- 16 is given below:

**Table 16: Comparative Financial Performance of SAIL**

Particulars	2016-17	2015-16
Sales Turnover	49180.24	43294.06
Profit before Interest, Depreciation, exceptional/abnormal items and tax (EBIDTA)	671.60	-2203.66
Less: Interest and Finance Charges	2527.82	2300.45
Less: Depreciation	2679.95	2402.35
Profit before Tax (PBT) before exceptional/abnormal items	-4536.17	-6906.46
Exceptional items: Loss (-)/Gain (+) (VRS)	-314.69	-101.04
Profit before Tax/Abnormal items (PBT) after exceptional/abnormal items	-4850.86	-7007.50
Less: provision for Taxation	-2017.62	-2986.06
Profit (+)/Loss (-) after Tax	-2833.24	-4021.44
Netw Worth	36009	39196
EBIDTA to Net Sales %	1.53	-5.73
Return (PAT) on Net Worth (%)	-7.87	-10.26
EBIDTA to Average Capital Employed	1.27	-4.28
Earning Per Share of Rupee 10/ each	-6.86	-9.74
Debt Equity Ratio	1.15:1	0.90:1

As compared to last year, the Loss before Tax of the Company in the Financial Year 2016-17 has reduced mainly due to higher Saleable Steel production(12%), concast production(9%), Saleable Steel sales (8.2%), Net Sales Realisation of 5 Integrated Steel Plants(6.3%), lower usage of imported coal in the blend, higher usage of CDI in CDI furnaces, reduction in coke rate, improvement in BF productivity, reduction in salaries & wages, decrease in average purchase power rate, foreign exchange gain, etc. However, the profitability of the Company has been adversely affected due to increase in imported and indigenous coal prices, increase in security expenses, increase in repairs & maintenance, increase in interest cost and depreciation.

*Initiatives Taken by the SAIL Management*

### Turnaround Plan

In order to meet the challenges of adverse business environment, it was decided to create and implement a sustainable turnaround strategy. In line with the same, a Company-wide turnaround initiative, named 'SAIL Uday' has been undertaken covering improvements for all functions in the Plants and Units, while reviewing and sharpening our business strategy and processes. The Company has engaged M/s Boston Consulting Group (India) Private Limited (BCG), as Management Consultant to study the present health of the Company and suggest suitable measures for its turnaround. The 'SAIL Uday' initiative is expected to drive the Company towards profitability as well as build for sustained market leadership.

### Cost Control Measures

- Emphasis on cost reduction with improvement in productivity continued during the year through process improvement and efforts by R&D. Awareness was created at all levels to control cost in all areas of operation.

- Strategic actions such as optimizing coal blend, improvement in yields, reduction in coke rate, enhanced concast production, sale of idle assets and maximizing use of in-house engineering shops resulted in enhanced cost reduction during the year.
- Further, with a view to rationalise manpower, Voluntary Retirement Scheme has been implemented w.e.f. 15th June, 2017.

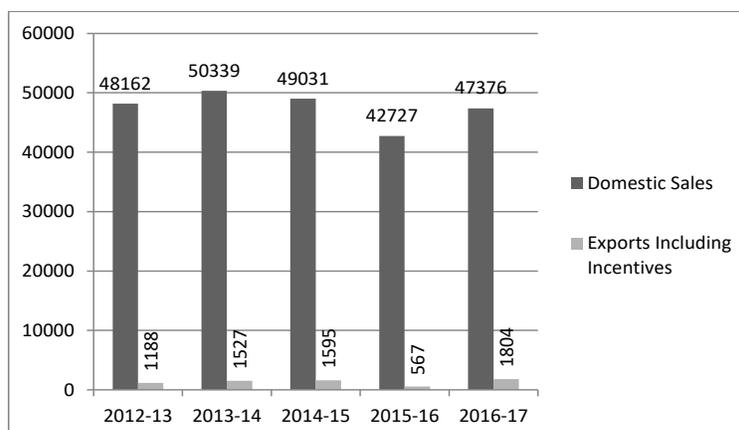
### Funds Management

During the year, the Company continued its thrust on better funds management. The high cost loans were replaced with low cost debts, timely repayment of loans including interest, actions for future fund raising, etc. to meet the growth objectives. The Company had borrowings at Rs.41,396 crore as on 31st March, 2017. The Company hedged the foreign currency risk on Buyers' Credit and repayment of External Commercial Borrowings depending on market conditions. M/s CARE Ratings and M/s Brickwork Ratings, RBI approved credit rating agencies, assigned "CARE AA Outlook: Negative" and "BWR AA+ Outlook: Stable" respectively, to SAIL's long-term borrowing programme.

**Table 17: SAIL-Analysis of the Revenue from Operations**

(a) Sale of Products			(Rs Crore)		
Particulars	2016-17	2015-16	Change %		
Sales of Saleable Steel Products	46653.91	40880.18	14.1		
Sales of Other Products	2526.33	2413.88	4.6		
Total Sales Turnover	49180.24	43294.06	13.6		
Less: Excise Duty	5314.69	4823.29	10.1		
Net Sales Turnover	43865.55	38470.77	14.0		
b) Trend of Domestic Sales and Exports			(Rs Crore)		
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Domestic Sales	48162	50339	49031	42727	47376
Exports Including Incentives	1188	1527	1595	567	1804

Graph 1: Trend of Domestic Sales and Exports (RS. Crore)



The Company catered to almost the entire gamut of the mild steel business namely, Flat products in the form of Plates, HR coils/sheet, CR coils/sheets, Galvanised Plain/Corrugated Sheets and Long products comprising Rails, Structural, Wire-rods and Merchant Products. In addition, Electric Resistance Welded Pipes, Spiral Welded Pipes and Silicon Steel Sheets formed part of Company's rich product-mix. The product category-wise sales turnover during 2016-17 is given as under:

Table 18: SAIL: Products Category

Products Category	% of Sales Value
<b>Saleable Steel</b>	
Flat Products (including pipes & Electrical Sheets) (a)	50
Long Products (b)	40
Integrated steel plants – Mild Steel (c = a+b)	90
Alloy and Special Steel Plants – Alloy and Special Steel (d)	5
Total Saleable Steel (e = c+d)	<b>95</b>
Secondary Products (Pig Iron, Scrap, Coal Chemicals etc.) (f)	5
Total (g = e + f)	<b>100</b>

Table 19: Revenue from Sale of Services - Service Charges

(Rs. Crore)		
2016-17	2015-16	Change %
31.89	33.44	-4.63

Revenue from sale of services decreased by about Rs.1.55 crore during 2016-17.

**Table 20: Other Operating Revenues and Income**

	(Rs. Crore)		
	2016-17	2015-16	Change %
Other Operating Revenue	554.97	547.67	1.33
Other Income	535.61	594.67	-9.93

The above table indicates that the the other operating revenues has increased by about Rs.7.3 crore over previous year primarily on account of higher realisation from social amenities and sale of sundries. However income from other sources decreased by about Rs.59.06 crore over previous year mainly due to decrease in interest income from customers and term deposits and decrease in dividend income.

**Table 21: Expenditure (Rs. Crore)**

Particulars	2016-17	2015-16	Change %
Raw Materials Consumed	21126	17155	23.1
Employee Remuneration and Benefits	8948	9715	-7.9
Finance Cost	2528	2300	9.8
Depreciation	2680	2402	11.5
Other Expenses	14220	14539	-2.1

During the year 2016-17, there was unprecedented increase in imported coal prices and this has affected the raw material prices hugely. Further, indigenous coal prices also increased in line with imported coal prices due to invoking of coal price parity by domestic coal companies. During the year, the Employees' Remuneration & Benefits have decreased mainly due to reduction in manpower numbers on account of natural separation and voluntary retirement scheme. Higher finance cost was due to increase in borrowings and increase in depreciation was due to capitalization of new facilities. The decrease in other expenses was on account of decrease in the cost of stores & spares, power & fuel, royalty and cess, etc.

#### *Project Management*

#### **AMR Schemes**

Besides Modernisation and Expansion Projects, the Addition, Modification & Replacement (AMR) Schemes have also been taken up which are required for management of existing operations and primarily focuses on improving the current level of efficiency and output in incremental measures. AMR Schemes are undertaken for improving or revamping of existing facilities for sustaining the existing operations, balancing /debottlenecking of production processes, improvement in energy & other resource consumption / services / safety and environment. Replacement includes mostly replacing the existing Plant & Equipment / facilities with better performance Plant & Equipment / facilities; Re-building of certain facilities like Coke Oven Batteries after its useful life is one of the types of replacement scheme. Accordingly, a number of AMR schemes costing around Rs.7,451 crore are under implementation in different Plants of the Company as under:

- Upgradation of Stoves for Blast Furnace-4, Modification of Mid stack Cooling System of Blast Furnace -7, Construction of Permanent Barrack at 21 locations for Rowghat Deposit, Revamping of Sinter Cooler of Sinter Plant-3, Installation of Cast House Defuming System in Blast Furnace No.7, Setting up of Static facility for Environmentally Sound Management of Polychlorinated Biphenyls and Installation of Electro

Static Precipitators as replacement of Multi Cyclones for all 4 nos. of Sinter Machine at Sinter Plant -II at Bhilai Steel Plant.

- Installation of new Rotary Hearth Reheating Furnace at Wheel & Axle plant at Durgapur Steel Plant.
- Installation of New Hot Strip Mill at Rourkela Steel Plant.
- Replacement of Battery cyclones with Electro Static Precipitators in Sinter Plant, Replacement of Converter Shell Trunnion Ring of Steel Melting Shop-II, Rebuilding of Coke Oven Battery-7, Provision of Hydraulic Mudgun cum Drill Machine for Blast Furnace -1, Alternate Gas Network, New Sinter Plant, Modernization of Steel Melting Shop -I, Upgradation of Stoves of Blast Furnace No. 1, Rebuilding of Coke Oven Battery-8 and Up-gradation of 6 nos. of Electro Static Precipitators of Lime Kiln at Bokaro Steel Plant.
- 4 MW Power Plant at Chandrapur Ferro Alloy Plant.

# CORPORATE COMPLIANCE MANAGEMENT

## 4.1 Introduction

Protection of interests of investors and other stakeholders is the recognised principle of good corporate governance in the world over. Today, in India, the corporate sector is governed by a complex web of laws, rules and regulations such as Income Tax, Companies Act 2013, Service Tax, Limited liability Partnership Regulations, Partnership Act, Wealth Tax, Value Added Tax (VAT), XBRL etc. While carrying out day to day business operations, it is difficult to refer different books for various laws, which makes compliance more complicated. Hence, there is a need to have all important rules and regulations at one place, in easily readable form. This manual aims to provide practical aid to the compliance challenges faced by professionals in public sector enterprises.

## 4.2 Need for Compliance Management

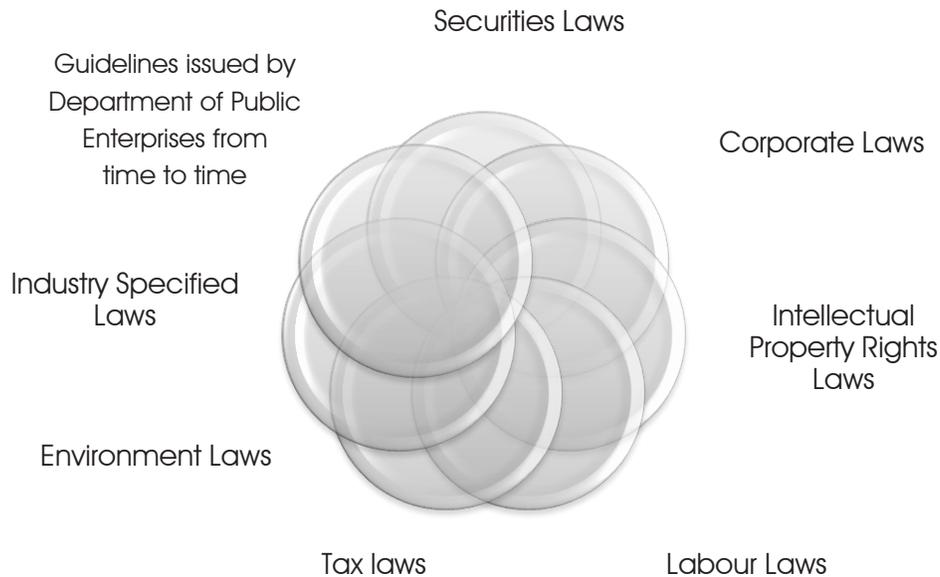
Corporate Accountability is on everyone's mind today. Business executives today face significant pressure to comply with multiple regulations. Many companies are adopting comprehensive compliance plans to address emerging regulatory paradigm and those that fail to address the new regulations, pay hefty fines or incur punitive restrictions on their operations. The organizations are facing mounting pressures that are driving them towards a structured approach to enterprise-wide compliance management. Increased liability and regulatory oversight has amplified risk to a point where it demands continuous evaluation of compliance management systems. Furthermore, the multiplication of compliance requirements that organisations face increases the risk of non-compliance which may have potential civil and criminal penalties. To enable companies to put in place an effective compliance management system, company secretaries should ensure that companies:

- Adhere to necessary industry and government regulations
- Change business processes according to legislative change
- Realign resources to meet compliance deadlines
- React quickly and cost-effectively if regulations change

## 4.3 Scope of Corporate Compliance Management for CPSEs

ICSI endeavors to provide professional services in corporate compliance management. The scope of this study is to design a manual that will provide comprehensive approach to compliance management in public sector enterprises. It is seen that the continuous changes observed in the rules and regulations governing public sector have made the process of compliance more complex and challenging for company secretaries. Company secretary is primarily responsible to co-ordinate with compliance of all laws.

Corporate Compliance Management Manual will include compliance of:

**Figure 8: Compliance Structure**

- Securities Laws
- Corporate Laws
- Intellectual Property Rights Laws
- Labour Laws
- Tax laws
- Environment Laws
- Industry Specified Laws
- Guidelines issued by Department of Public Enterprises from time to time

#### 4.4 Ethics and Compliance

The stock exchanges' corporate governance listing standards require listed companies to incorporate the code of ethics for directors and senior management and public disclosure of the code on the company's website. The guidelines changed focus away from compliance toward a broader assessment of corporate efforts to create an ethical organizational culture. In particular, the amended guidelines require the Board of Directors and executives to assume responsibility for the oversight and management of ethics and compliance programs. The provisions will help developing a valuable framework for the design of effective ethics and compliance programs. Compliance with these requirements may produce positive results at several levels: Companies that embed positive ethics deep within their culture may enjoy healthy returns through employee and customer loyalty and public respect for their brand, both of which can translate into higher returns for the shareholders. Companies that go the extra mile with their ethics and compliance programs lay the foundation for an effective internal control environment. Company officials who observe the law may avoid stiff personal penalties, both monetary and potential jail time. The benefits of implementing and maintaining an effective ethics and compliance program may far outweigh its costs.

### KEY ELEMENTS OF AN EFFECTIVE ETHICS AND COMPLIANCE PROGRAM

- An organizational culture that encourages ethics and compliance with the law;
- Day-to-day oversight by a high-level individual who has adequate resources and authority (e.g., Chief Ethics and Compliance Officer);
- Clear responsibility on the part of senior management and active oversight by the board of directors ;
- Effective communication of standards and procedures, as well as periodic training for all levels of the organization, including the board, management, employees and agents;
- Care in delegation of substantial discretionary authority to individuals (e.g., background checks);
- Reasonable steps taken to achieve compliance and consultation (e.g., monitoring and reporting systems, helpline);
- Incentives for compliance with the Guidelines, appropriate response after detection of an offense, and consistent enforcement of disciplinary mechanisms; and
- Periodic risk assessments.

**Figure 9: Types of Compliances**



#### 4.5 List of General Compliances

##### 1. SECURITIES LAWS

###### **Regulations under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

SEBI has notified SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") on September 2, 2015 after following consultation process. The listing regulations came into force w.e.f 01 December 2015.

###### **Framework**

The broad framework of listing regulations are outlined as follows:

The listing regulations have been subdivided into two parts viz

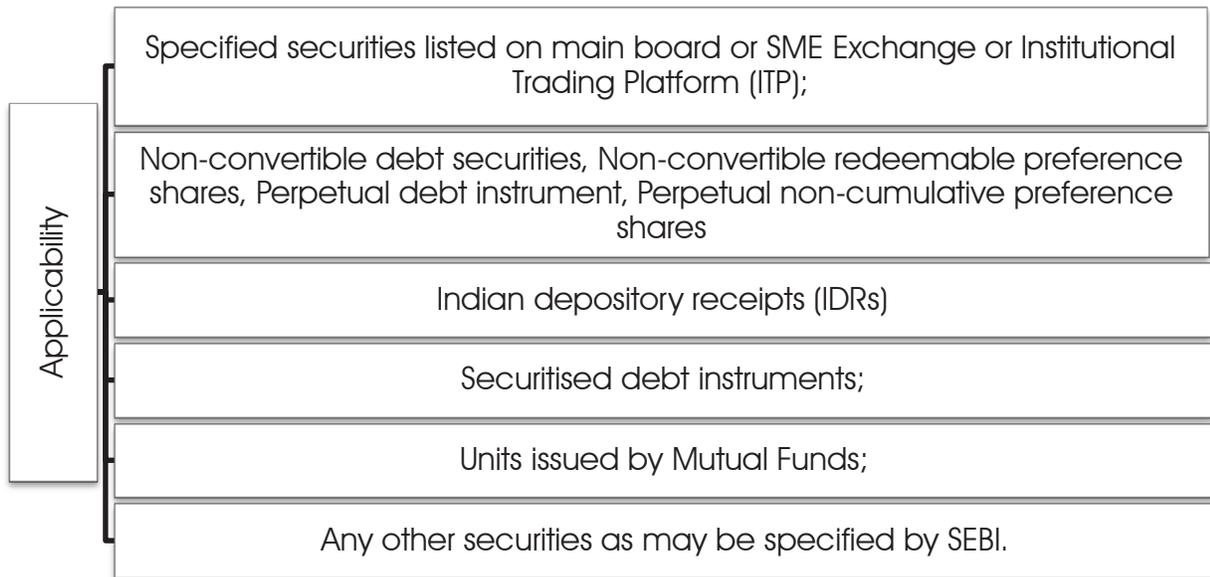
1. Substantive provisions incorporated in the main body of regulations and
2. Procedural requirements in the form of schedules to the regulations.

The regulations are consisting of XII chapters and X schedules

- Chapter I consists of the definition part.
- Chapter II of the SEBI Listing Regulations provide the broad principles in relation to disclosures and obligations of the listed entities. In the event of absence of specific requirements or ambiguity, these principles would serve to guide the listed entities.
- Chapter III of the SEBI Listing Regulations specifies common obligations of all listed entities. These include:
  - General obligation of Compliance of listed entity
  - Appointment of common Compliance Officer and his obligations
  - Appointment of Share Transfer Agent or management of share transfer facility in-house
  - Co-operation with intermediaries registered with SEBI and submission of correct and adequate information within the specified timelines and procedures
  - Preservation of documents- permanent and for 8 years
  - Filings on electronic platform
  - Payment of dividend or interest or redemption or repayment through RBI approved electronic mode
  - Grievance Redressal Mechanism
  - Mandatory registration on SCORES to handle investor complaints electronically
  - Quarterly reporting of investor complaints to the Board of Directors and recognised stock exchange
- Chapter IV to IX of the SEBI Listing Regulations deal with obligations which are applicable to specific types of securities that have been incorporated in various chapters.
- Chapter X and XI of the SEBI Listing Regulations list down the responsibilities of the stock exchanges to monitor compliance or adequacy /accuracy of compliance with the provisions of these regulations and to take action for non-compliance.
- Chapter XII contains miscellaneous provisions.

### **Applicability**

Unless otherwise provided, these regulations shall apply to the listed entity that has listed any of the following designated securities on recognized stock exchange(s):



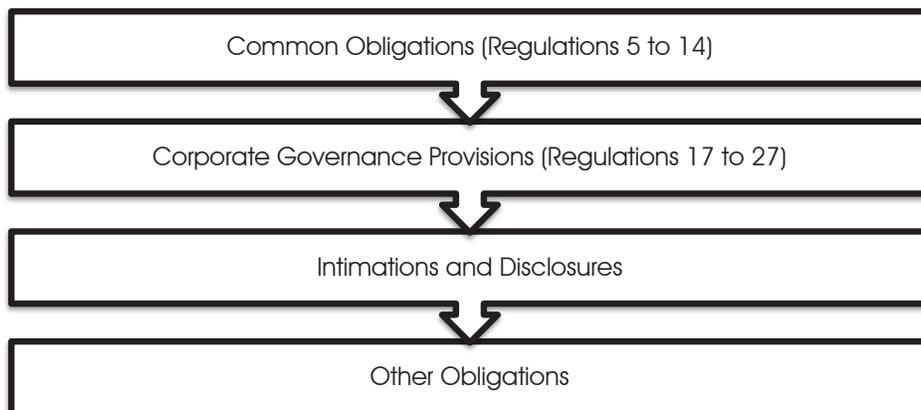
The Company desirous of listing its securities shall enter into a listing agreement with the stock exchange. Existing listed entities are required to execute a fresh listing agreement within 6 months from the date of notification of the SEBI Listing regulations.

According to Section 2(52) of the Companies Act 2013, listed company means a company which has any of its securities listed on any recognized stock exchange. This means that if a private company has its debt securities listed on any recognized stock exchange, then such company is under the ambit of listed company category for complying with the Companies Act 2013, and rules and regulations made thereunder.

According to SEBI (LODR) Regulations, 2015 Listed Entity means an entity which has been listed, on a recognized stock exchange(s), the designated securities issued by it or designated securities issued under schemes managed by it, in accordance with the listing agreement entered into between the entity and the recognized stock exchange(s).

The listed entities which has listed its designated securities on any recognised stock exchange(s) either on the main board or on SME Exchange or on institutional trading platform are required to abide by following obligations –

**Figure 10: Obligations of Listed Entities**



## I. Common Obligations of Listed Entities

The Listing regulations has specified the generic obligations or common obligations of listed entity with respect to filing of information, responsibilities of compliance officer, fees etc. and these requirements are applicable to all types of listed securities. The Common Obligations includes:-

**Figure 11: Common Obligations of Listed Entities**



### 1. Regulation 5- General obligation of Compliance

To ensure that key managerial personnel, directors, promoters or any other person dealing with the listed entity, complies with responsibilities or obligations, if any, assigned to them under these regulations

### 2. Regulation 6 Appointment of Compliance Officer

To appoint a qualified Company Secretary as the Compliance Officer.

#### *Responsibility of the Compliance Officer*

The compliance officer of the listed entity shall be responsible for:

- ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.
- co-ordination with and reporting to the Board, recognised 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.
- 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 listed entity under these regulations.
- monitoring email address of grievance redressal division as designated by the listed entity for the purpose of registering complaints by investors:

Provided that the requirements of this regulation shall not be applicable in the case of units issued by mutual funds which are listed on recognised stock exchange(s) but shall be governed by the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

### 3. Regulation 7 Appointment of Share Transfer Agent

- ❖ The listed entity shall appoint a share transfer agent or manage the share transfer facility in-house.

However, in the case of in-house share transfer facility, as and when the total number of holders of securities of the listed entity exceeds one lakh, the listed entity shall either register with SEBI as a Category II share transfer agent or appoint Registrar to an issue and share transfer agent registered with SEBI.

- ❖ The listed entity shall ensure that all activities in relation to both physical and electronic share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with SEBI.

### 4. Regulation 7(3)- Submission of Compliance Certificate to the Exchange

The listed entity shall submit a compliance certificate to the exchange duly signed by both compliance officer and authorised representative of the Share Transfer Agent wherever applicable, **within 1 month of end of each half of the financial year.**

### 5. Regulation 7(4)- Alteration in Share Transfer Agent

Any change or appointment of a new Share Transfer Agent, the Listed entity shall enter into a **TRIPARTITE AGREEMENT** between listed entity, existing and new share transfer agent.

### 6. Regulation 7(5)- Intimation to Stock Exchange

The Listed Entity shall intimate the appointment of Share Transfer Agent **within 7 days on entering into agreement.**

#### Proviso of Regulation 7- Non-Applicability of provisions of Compliance Officer

The requirement of this regulation shall not be applicable in case of units issued by Mutual Funds which are listed on a recognised stock exchange.

### 7. Regulation 8- Co-operation with Intermediaries registered with SEBI

The Intermediaries registered with SEBI shall co-operate with and submit correct and adequate information to the intermediaries registered with SEBI such as credit rating agencies, register to an issue and Share Transfer Agents, Debenture Trustee etc., within timelines and procedures specified under the Act, Regulations and Circulars issued there under.

### 8. Regulation 9- Preservation of documents

The listed entity shall have a **POLICY** for preservation of documents, approved by its Board of Directors. The company will classify them in at least two categories as follows:

- Documents whose preservation shall be **Permanent in Nature**
- Documents with preservation period of **NOT LESS THAN EIGHT YEARS after completion of the relevant transaction.**

Provided that the listed entity may keep documents specified in clauses (a) and (b) in electronic mode.

### 9. Regulation 10- Filing of Information

The listed entity shall file the reports, statements, documents, filings and any other information with the recognized stock exchange (s) **on the Electronic Platform** as specified by SEBI or the recognized stock exchange (s).

#### 10. Regulation 11- Applicability of Scheme of Arrangement

The listed entity shall ensure that any scheme of arrangement/ amalgamation/ merger/ reconstruction/ reduction of capital etc. to be presented to any Court or Tribunal does not in any way violate, override or limit the provisions of securities laws or requirements of the stock exchange(s).

Provided that this regulation shall not be applicable for the units issued by Mutual Fund which are listed on a recognised stock exchange(s).

#### 11. Regulation 12- Payment of Dividend or interest or redemption or repayment

The listed entity shall use any of the electronic mode of payment facility approved by the RBI, in the manner specified in Schedule I, for the payment of the following:

- Payment of dividend or interest or redemption or repayment
- Dividend
- Interest
- Redemption or repayment of amounts

Modes of payment if **Electronic mode** is not possible then payment can be made by following:

- 'Payable-at-par Warrants
- Cheques

When the amount payable as dividend exceeds one thousand and five hundred rupees, the 'payable-at-par' warrants or cheques shall be sent by speed post.

#### 12. Regulation 13- Grievance Redressal Mechanism

The Listed Entity shall ensure that adequate steps are taken for expeditious redressal of investor complaints.

The listed entity 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.

The listed entity shall file with the recognized stock exchange(s) on a **QUARTERLY BASIS**, within twenty one days from the end of each quarter,

- A statement giving
  - o The number of investor complaints pending at the beginning of the quarter,
  - o Those received during the quarter,
  - o Disposed of during the quarter and
  - o Those remaining unresolved at the end of the quarter.
- Within 21 days from the end of each quarter

### 13. Regulation 14- Fees and other Charges to be paid to the recognised Stock Exchange(s)

The listed entity shall pay all such fees or charges, as applicable, to the recognized stock exchange(s), in the manner specified by SEBI or the recognized stock exchange(s).

## II. Corporate Governance Provisions: Obligations of Listed Entities which have listed its Specified Securities

The listed entities which has listed its specified securities on any recognised stock exchange(s) either on the main board or on SME Exchange or on institutional trading platform has to comply with certain corporate governance provisions which are specified in Regulations 17 to 27 of the Listing Regulations.

### 1. Regulation 15(1)- Applicability

The provisions of this chapter shall apply to following Listed Entities, which have been listed with any recognized Stock Exchange(s) for its specified securities either on:

- Main Board or
- SME Exchange or
- Institutional Trading Platform

**Regulation 15 (2)** The compliance with the corporate governance provisions as specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V shall not apply, in respect of –

(a) the listed entity having

- paid up equity share capital not exceeding rupees ten crore; and
- net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

If the provisions of the regulations become applicable to a listed entity at a later date, such listed entity shall comply with the requirements those regulations within six months from the date on which the provisions became applicable to the listed entity.

(b) the listed entity which has listed its specified securities on the SME Exchange.

Provided that for other listed entities which are not companies, but body corporate or are subject to regulations under other statutes, the provisions of corporate governance shall apply to the extent that it does not violate their respective statutes and guidelines or directives issued by the relevant authorities.

**Regulation 15(3)** Notwithstanding sub-regulation (2) above, the provisions of Companies Act, 2013 shall continue to apply, wherever applicable.

### 2. Regulation 16- Definitions

### 3. Regulation 17 – Board of Directors

*Board Composition [Regulation 17(1)]*

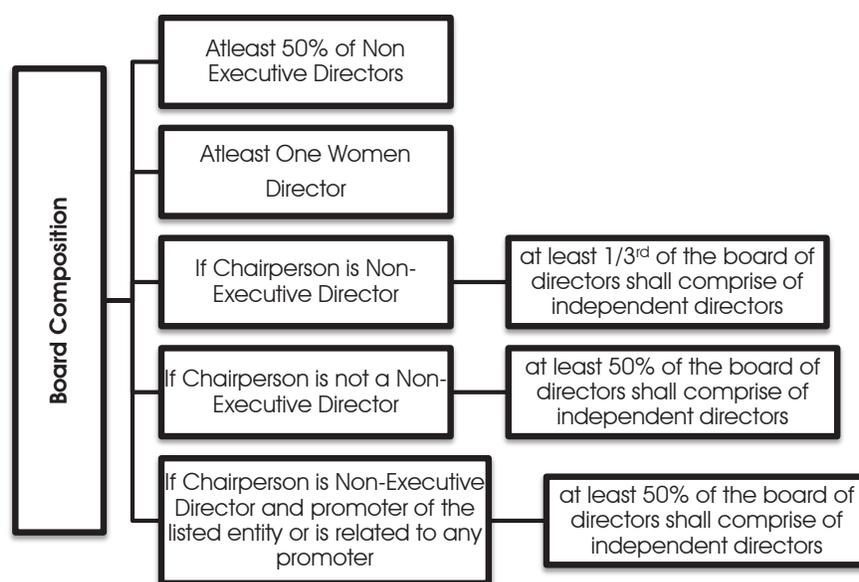
The composition of board of directors of the listed entity shall be as follows:

- Board of directors shall have an optimum combination of executive and non-executive directors

with at least one woman director and

- At least 50% of the board of directors shall comprise of non-executive directors.
- If the chairperson of the board of directors is a non-executive director, at least 1/3rd of the board of directors shall comprise of independent directors.
- If the chairperson of the board of directors is not a non-executive director, at least 50% of the board of directors shall comprise of independent directors.
- If the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least 50% of the board of directors of the listed entity shall consist of independent directors.

**Figure 12: Board Composition**



#### *Frequency of Board Meeting [Regulation 17(2)]*

The board of directors shall meet:-

- At least 4 board meeting;
- Maximum gap between two meetings 120 days.

#### *Duties/Obligations of Board of Directors*

- The board of directors shall periodically review compliance reports pertaining to all laws applicable to the listed entity, prepared by the listed entity as well as steps taken by the listed entity to rectify instances of non-compliances. **[Regulation 17(3)]**
- The board of directors of the listed entity shall satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management. **[Regulation 17(4)]**
- The board of directors shall lay down a code of conduct for all members of board of directors

and senior management of the listed entity which shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013. **[Regulation 17(5)]**

- The board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors after taking approval of shareholders in general meeting. However the requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government. The approval of shareholders mentioned shall also specify the limits for the maximum number of stock options that may be granted to non-executive directors, in any financial year and in aggregate. Independent directors shall not be entitled to any stock option. **[Regulation 17(6)]**
- The minimum information to be placed before the board of directors is specified in Part A of Schedule II. **[Regulation 17(7)]**
- The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II. **[Regulation 17(8)]**
- The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. However, the listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures. **[Regulation 17(9)]**
- The entire board of directors shall do the performance evaluation of independent directors, provided that in the evaluation process, the directors who are subject to evaluation shall not participate. **[Regulation 17(10)]**

#### ***Definition of an Independent Director***

According to regulation 16(1) (b) of the Listing Regulations, an “independent director” means a non-executive director, other than a nominee director of the listed entity -

- (i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company;
- (iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- (iv) who, apart from receiving director’s remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (v) none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or Rs. 50 lakh or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (vi) who, neither himself, nor whose relative(s) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate

company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- (vii) who, neither himself, nor whose relative(s) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
- a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
  - any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (viii) who, neither himself, nor whose relative(s) holds together with his relatives 2% or more of the total voting power of the listed entity; or
- (ix) who, neither himself, nor whose relative(s) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;
- (x) who, neither himself, nor whose relative(s) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;
- (xi) who is not less than 21 years of age.

#### **Meaning of “related to any promoter”**

- (i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;
- (ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.

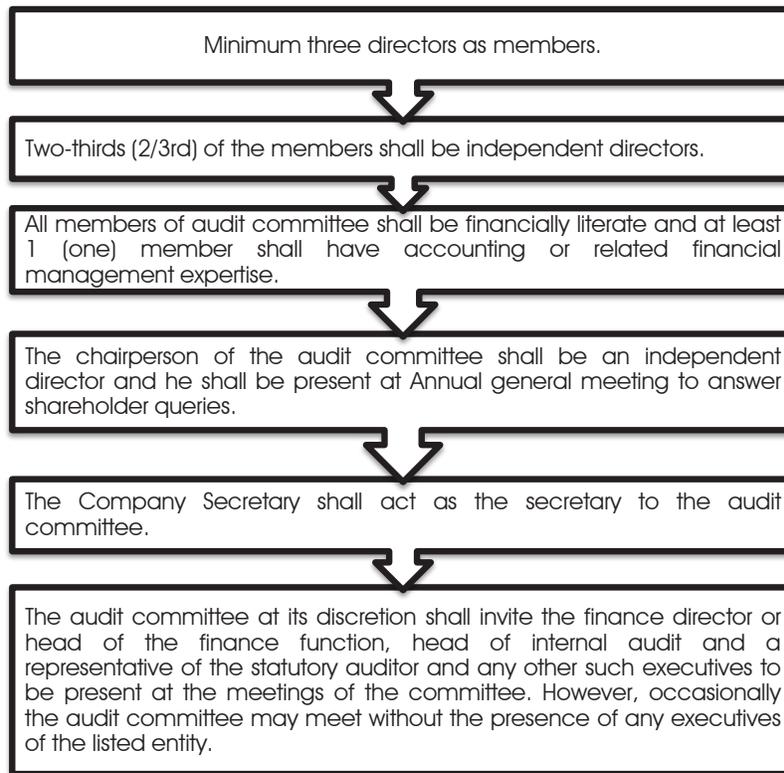
#### **4. Board Committees under Listing Regulations**

- **Audit Committee**

##### *Constitution of Audit Committee*

Every listed entity shall constitute a qualified and independent audit committee in accordance with its terms of reference, subject to the following conditions: **[Regulation 18(1)]**

Figure 13: Audit Committee

**Note:**

- “Financially literate” shall mean the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.
- A member shall be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a CEO, CFO or other senior officer with financial oversight responsibilities.

*Number of Meetings*

The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. **[Regulation 18(2) (a)]**

*Quorum*

The quorum for audit committee meeting shall either be:-

- 2 members or
- 1/3<sup>rd</sup> of the members of the audit committee, whichever is greater; and
- with atleast 2 independent directors. **[Regulation 18(2)(b)]**

The requirement of minimum 2 independent directors in the meeting of Audit Committee is new provision which must be complied by all the listed entities.

*Powers of Audit Committee*

The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. **[Regulation 18(2) (c)]**

*Role of Audit Committee [Regulation 18(3)]*

The role of the audit committee **and the information to be reviewed by it** shall include the following (Part C of Schedule II) -

- i. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- iii. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report;
- v. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- vii. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

- viii. approval or any subsequent modification of transactions of the listed entity with related parties;
- ix. scrutiny of inter-corporate loans and investments;
- x. evaluation of undertakings or assets of the listed entity, wherever it is necessary;
- xi. evaluation of internal financial controls and risk management systems;
- xii. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. discussion with internal auditors of any significant findings and follow up there on;
- xv. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. to review the functioning of the whistle blower mechanism;
- xix. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

*Information to be reviewed by the Audit Committee* **[Regulation 18(3)]**

The audit committee shall mandatorily review the following information: **(Part C of Schedule II)**

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. statement of deviations:
  - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

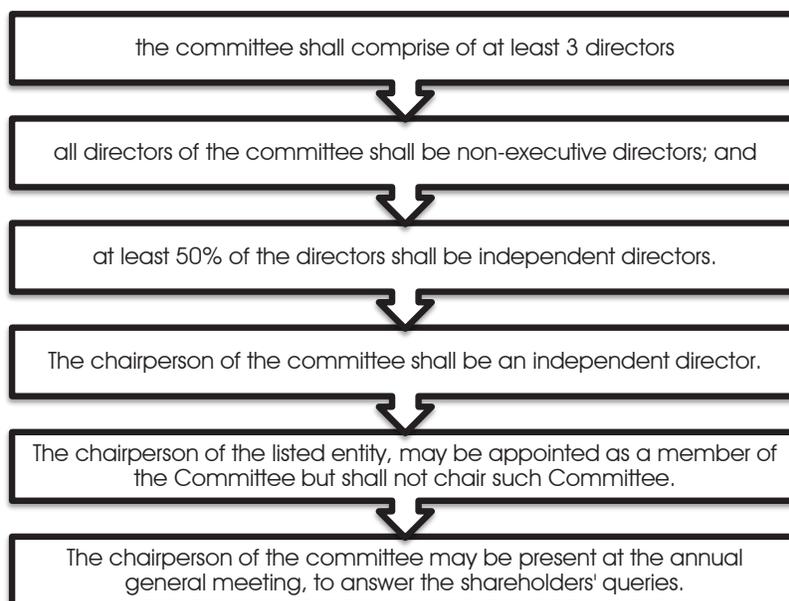
- b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

- **Nomination and Remuneration Committee**

*Constitution of Nomination and Remuneration Committee*

SEBI shall constitute the Nomination and Remuneration Committee as follows: **[Regulation 19(1)]**

**Figure 14: Nomination and Remuneration Committee**



*Role of Nomination and Remuneration Committee* **[Regulation 19(4)]**

The role of the Nomination and Remuneration committee shall include the following - (Part D, Schedule II)

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
  - (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
  - (3) devising a policy on diversity of board of directors;
  - (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
  - (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- **Stakeholders Relationship Committee** **[Regulation 20]**
    - ❖ The listed entity shall constitute a Stakeholders Relationship Committee to specifically look

into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders.

- ❖ The board of directors shall decide other members of this committee.
- ❖ The chairperson of this committee shall be a non-executive director.
- ❖ The role of the Stakeholders Relationship Committee shall be to consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends. **[Part D of Schedule II]**

- **Risk Management Committee [Regulation 21]**

- ❖ The board of directors shall constitute a Risk Management Committee.
- ❖ The majority of members of Risk Management Committee shall consist of members of the board of directors.
- ❖ The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.
- ❖ The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.
- ❖ **The provisions of this regulation shall be applicable to top 100 listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year.**

#### 5. Regulation 22- Vigil Mechanism

- The listed entity shall formulate a vigil mechanism for directors and employees to **report genuine concerns**.
- The vigil mechanism shall provide for adequate safeguards against victimisation of director(s) or employee(s) or any other person who avails the mechanism.
- The Vigil Mechanism also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

#### 6. Regulation 23 - Related Party Transactions

*Under Listing Regulations, 2015*

Regulation 2(1) (zb) defines "related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

*Under Companies Act, 2013*

According to section 2 (76) "related party", with reference to a company, means —

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;

- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director and manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;

However, nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any company which is –
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) such other person as may be prescribed.

#### *Policy on materiality of related party transactions*

The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions.

When will a transaction with a related party be material?

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

#### *Approval of Audit Committee*

All related party transactions shall require prior approval of the audit committee.

*Omnibus Approval:* Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions-

- (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- (c) the omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
  - (iii) such other conditions as the audit committee may deem fit

Provided where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

#### *Approval of the shareholders*

All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

#### *Exceptions*

The approval of Audit committee and shareholders shall not be required in the following cases:

- (a) transactions entered into between two government companies;
- (b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

"Government Company (ies) means Government Company as defined in sub-section (45) of section 2 of the Companies Act, 2013.

#### *Other provisions*

- The provisions of this regulation shall be applicable to all prospective transactions.
- For the purpose of this regulation, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.
- All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

### 7. **Regulation 24 - Corporate Governance requirements with respect to Subsidiary of Listed Entity**

Regulation 24 of listing regulations provides for the following corporate governance requirements with respect to subsidiary of listed entity -

- (1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
- (2) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- (3) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- (4) The management of the unlisted subsidiary shall periodically bring to the notice of the board of

directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

*Explanation.*- For the purpose of this regulation, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

- (5) A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- (6) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- (7) Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

#### 8. Regulation 25 - Obligations with respect to Independent Directors

*Maximum number of listed entities in which one can serve as Independent Director*

- A person shall not serve as an independent director in more than 7 listed entities.
- If any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more than 3 listed entities.

*Tenure of Independent Directors*

The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.

*Separate meeting of Independent directors*

The independent directors of the listed entity shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting. The independent directors in this meeting shall, inter alia-

- (a) review the performance of non-independent directors and the board of directors as a whole;
- (b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

*Liability of Independent directors*

An independent director shall be held liable, only in respect of such acts of omission or commission

by the listed entity which had occurred with his knowledge, attributable through processes of board of directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these regulations.

*Appointment of new Independent director on removal or resignation of existing director*

An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than the immediate next meeting of the board of directors or 3 months from the date of such vacancy, whichever is later.

If the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.

Therefore, a listed entity must maintain the minimum number of Independent directors in its board in case of removal or resignation of any director at the earliest but not later than 3 months of such resignation or removal.

*Familiarisation programmes for Independent directors*

The listed entity shall familiarise the independent directors through various programmes about the listed entity, including the following:

- (a) nature of the industry in which the listed entity operates;
- (b) business model of the listed entity;
- (c) roles, rights, responsibilities of independent directors; and
- (d) any other relevant information.

**9. Regulation 26- Obligations With Respect To Employees Including Senior Management, Key Managerial Persons, Directors and Promoters**

- (1) A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director which shall be determined as follows:
  - (a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;
  - (b) For the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.
- (2) Every director shall inform the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.
- (3) All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.
- (4) Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as

directors, in the notice to the general meeting called for appointment of such director

- (5) Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

*Explanation* - For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.

- (6) No employee including key managerial personnel or director or promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.

However, if such agreement, whether subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, shall be disclosed to the stock exchanges for public dissemination. Further that subsisting agreement, if any, as on the date of coming into force of this sub-regulation shall be placed for approval before the Board of Directors in the forthcoming Board meeting.

Additionally if the Board of Directors approve such agreement, the same shall be placed before the public shareholders for approval by way of an ordinary resolution in the forthcoming general meeting. All interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.

*Explanation* - For the purposes of this sub-regulation, 'interested person' shall mean any person holding voting rights in the listed entity and who is in any manner, whether directly or indirectly, interested in an agreement or proposed agreement, entered into or to be entered into by such a person or by any employee or key managerial personnel or director or promoter of such listed entity with any shareholder or any other third party with respect to compensation or profit sharing in connection with the securities of such listed entity.

## 10. Regulation 27 - Other corporate governance requirements

*Discretionary Corporate Governance Requirements [Regulation 27 (1)]*

The listed entity may, at its discretion, comply with following requirements as specified in Part E of Schedule II. **[Regulation 27(1)]**

- A. The Board: A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- B. Shareholder Rights: A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.
- C. Modified opinion(s) in audit report: The listed entity may move towards a regime of financial statements with unmodified audit opinion.
- D. Separate posts of chairperson and chief executive officer: The listed entity may appoint separate persons to the post of chairperson and managing director or chief executive officer.

E. Reporting of internal auditor: The internal auditor may report directly to the audit committee.

*Quarterly Compliance Report on Corporate Governance [Regulation 27(2)]*

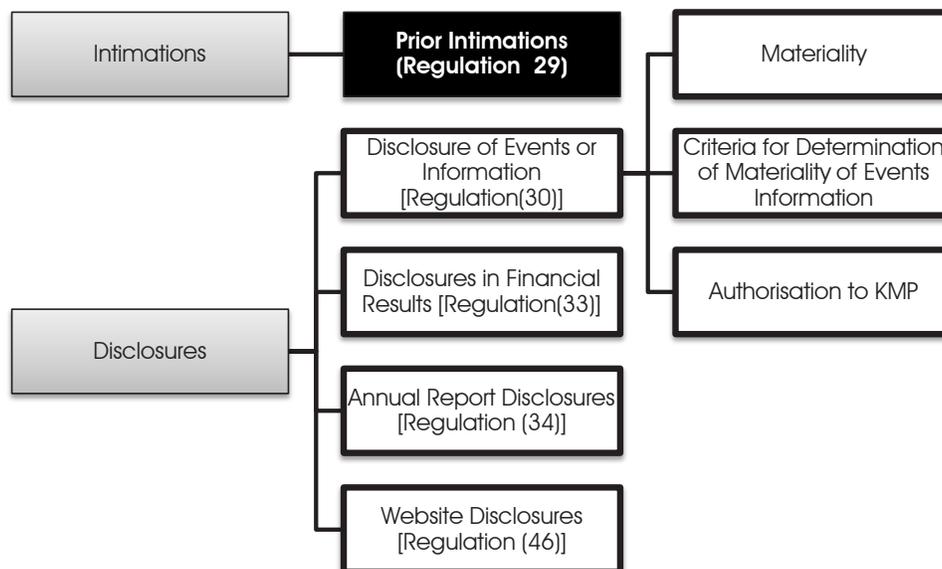
- The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified in 'Annexure B' within fifteen days from close of the quarter.
- The Report shall also include details of all material transactions with related parties.
- The report shall be signed either by the compliance officer or the chief executive officer of the listed entity.

The Compliance report on Corporate Governance has been changed from checkbox format to detailed report. It is compulsory for companies to submit the details of Board Meetings and Audit Committee quarterly. For other committees it has been made optional.

### III. Intimations and Disclosures under SEBI (LODR), 2015

Under SEBI (Listing Obligations Disclosure Regulations), 2015, there are certain intimations and disclosures which are required to be made to the stock exchanges for the timely and accurate dissemination of the information to all the stakeholders. The listed entities which have listed its specified securities on any recognised stock exchange(s) either on the main board or on SME Exchange or on institutional trading platform are required to make following intimations and disclosures.

**Figure 15: Intimation and Disclosure under SEBI (LODR), 2015**



#### 1. Regulation 29 - Prior Intimations

The listed entity shall give prior intimation to stock exchange about the meeting of the board of directors in the following manner-

- A. At least two working days in advance, excluding the date of the intimation and date of the meeting in which any of the following proposals is due to be considered-
- ❖ proposal for buyback of securities;

- ❖ proposal for voluntary delisting by the listed entity from the stock exchange(s);
  - ❖ fund raising by way of further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, Qualified Institutions Placement, Debt Issue, Preferential Issue or any other method and for determination of issue price;
  - ❖ declaration/recommendation of dividend, issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend;
  - ❖ the proposal for declaration of bonus securities where such proposal is communicated to the board of directors of the listed entity as part of the agenda papers.
- B. At least five days in advance excluding the date of the intimation and date of the meeting in which following proposal is due to be considered-
- ❖ financial results viz. quarterly, half yearly, or annual, as the case may be; (the intimation shall include the date of such meeting of board of directors also)
- C. At least eleven working days before any of the following proposal is placed before the board of directors -
- ❖ Any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof.
  - ❖ Any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.

## 2. Regulation 30 - Disclosure of events or information

### – Materiality

- a) Events specified in Part A of Part A of Schedule III are deemed to be Material
- b) Events specified in Part B of Part A of Schedule III are deemed to be Material events, if guidelines of materiality is APPLICABLE, guidelines given in sub-regulation 4 of regulation 30

### – Criteria for Determination of Materiality of Events Information

The formation of policy for Determination of Materiality shall be based on:

- a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly, or
- b) the omission of an event or information is likely to result in significant market research if the said omission came to light at a later date,
- c) in case where the criteria specified in sub-clauses a) and b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of listed entity, the event/information is considered material.

### – Authorisation to KMP

The BODs of listed entity shall authorize one or more Key Managerial Personnel for the purpose of:

- a) Determining materiality of an event/information.

- b) Making disclosure to stock exchange/s of all events, as specified in Part A (Part A includes Para A and Para B) of Schedule III, or information as soon as reasonably possible and not later than 24 hours of occurrence of event or information.

In case disclosure is made after 24 hours of occurrence of event or information, along with disclosure provide explanation for delay.

- c) The listed entity shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/ closed, with relevant explanations.
- d) The listed entity shall disclose all such events or information, which have been, disclosed to stock exchange(s), on its website and give such disclosures continuously on the website of the listed entity for a minimum period of five years and thereafter as the archival policy of the listed entity, as disclosed on its website.
- e) The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity to both stock exchange and on website.

**Note:-**

The listed entity shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.

In case where an event occurs or an information is available with the listed entity, which has not been indicated in Part A or B or Part A of Schedule III, but which may have material effect on it, the listed entity is required to make adequate disclosures in regard thereof.

**3. Regulation 33- Financial Results**

- a) The listed entity or its subsidiaries shall submit quarterly and year to date standalone financial results to the stock exchange within 45 days of end of each quarter, other than the last quarter.
- b) Unaudited financial result shall be accompanied by limited Review Report. Audited financial results accompanied by the audit report.
- c) FR shall be signed by the Chairperson or Managing Director, or a whole time director or in the absence of all of them; it shall be signed by any other director of the listed entity who has been duly authorised by the BOD to sign the FR.

While placing the financial results before the Board of Directors, the chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

- d) The listed entity shall submit with stock exchange within 60 days from the end of the financial year, annual audited standalone financial results for the financial year along with the audit report or in case entity having subsidiaries it shall, while submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report and statement on Impact audit qualifications, applicable only for audit report with modified opinion and the listed entity shall also submit the audited financial results in respect of the last quarter alongwith the results for the entire financial year.

Further, in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the stock exchange(s) while publishing the annual audited financial results.

- e) The listed entity shall also submit as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities as at the end of the half-year.
- f) Financial results shall be put up on website of the company and published at least in one English national daily newspaper.

#### 4. Regulation 34- Annual Report

A listed entity shall submit the annual report to the stock exchange within 21 working days of it being approved and adopted in the annual general meeting as per provisions of Companies Act 2013. The annual report shall contain the following:

- a) Audited financial statements i.e. balance sheets, profit and loss accounts etc; and Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d), if applicable;;
- b) Consolidated financial statements audited by its statutory auditors;
- c) Cash flow statement presented only under the indirect method as prescribed in Accounting Standard-3 or Indian Accounting Standard 7, as applicable, specified in Section 133 of the Companies Act 2013 read with relevant rules framed there under or as specified by the Institute of Chartered Accountants of India, whichever is applicable;
- d) Directors report;
- e) Management Discussion and Analysis report-either as a part of directors report or addition thereto;
- f) For the top 500 listed entities based on market capitalisation (calculated as on March 31 of every financial year), Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspective, in the format as specified by the Board from time to time:

Provided that listed entities other than top 500 listed companies based on market capitalization and listed entities which have listed their specified securities on SME Exchange, may include these business responsibility reports on a voluntary basis in the format as specified.

#### 5. Regulation 46 -Website Disclosures

The listed entity shall maintain a functional website. The listed entity shall ensure that the contents of the website are correct and shall update any change in the content of its website within two working days from the date of such change in content. The listed entity shall disseminate the following information on its website.

- a) details of its business;
- b) terms and conditions of appointment of independent directors;
- c) composition of various committees of board of directors;
- d) code of conduct of board of directors and senior management personnel;

- e) details of establishment of vigil mechanism/ Whistle Blower policy;
- f) criteria of making payments to non-executive directors , if the same has not been disclosed in annual report;
- g) policy on dealing with related party transactions;
- h) policy for determining 'material' subsidiaries;
- i) details of familiarization programmes imparted to independent directors including the following details:-
  - number of programmes attended by independent directors (during the year and on a cumulative basis till date),
  - number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and
  - other relevant details
- j) the email address for grievance redressal and other relevant details;
- k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances;
- l) financial information including:
  - notice of meeting of the board of directors where financial results shall be discussed;
  - financial results, on conclusion of the meeting of the board of directors where the financial results were approved;
  - complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc;
- m) shareholding pattern;
- n) details of agreements entered into with the media companies and/or their associates, etc;
- o) schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange;
- p) new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change;
- q) following information published in the newspaper-
  - notice of meeting of the board of directors where financial results shall be discussed
  - financial results, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor: Provided that if the listed entity has submitted both standalone and consolidated financial results, the listed entity shall publish consolidated financial results along-with (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.

- statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after review by audit committee and its explanation in directors report in annual report;
- notices given to shareholders by advertisement.

#### IV. Other Obligations

##### **(1) Regulation 31 - Submission of statement showing holding of specified securities and shareholding pattern**

The listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by SEBI. -

- (a) one day prior to listing of its securities on the stock exchange(s);
- (b) on a quarterly basis, within twenty one days from the end of each quarter; and,
- (c) within ten days of any capital restructuring of the listed entity resulting in a change exceeding 2% of the total paid-up share capital.

If listed entities which have listed their specified securities on SME Exchange, the above statements shall be submitted on a half yearly basis within 21 days from the end of each half year. **[Regulation 31(1)]**

In the above statement, the holding of specified securities shall be divided into the following 3 categories viz.

- Promoter and Promoter Group,
- Public and
- Non Promoter Non Public (It is a new category added and would include depository Receipts Holders and ESOPs etc.)

The details of the shareholding of the promoters and promoter group must be accompanied with PAN Number (first holder in case of joint holding). Further, the shareholding of the promoter and promoter group is to be consolidated on the basis of the PAN and folio number to avoid multiple disclosures of shareholding of the same person.

##### **(2) Regulation 31(2) and (3)- Maintenance of shareholding of promoters in dematerialized form**

The listed entity shall ensure that 100% of shareholding of promoter(s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner as specified by SEBI. The listed entity shall comply with circulars or directions issued by SEBI from time to time with respect to maintenance of shareholding in dematerialized form.

##### **(3) Regulation 31A - Disclosure of Class of shareholders and Conditions for Reclassification**

The event of reclassification shall be disclosed to the stock exchange as a material event within 24 hrs of occurrence of the event.

##### **(4) Regulation 32 - Submission of Statement of deviation(s) or variation(s)**

- The listed entity shall submit to the stock exchange the following statement(s) after review by the audit committee on a quarterly basis for public issue, rights issue, preferential issue etc. , -
  - (a) indicating deviations, if any, in the use of proceeds from the objects stated in the offer document

or explanatory statement to the notice for the general meeting, as applicable;

(b) indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilisation of funds.

- These statement(s) shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved. Such statement shall be placed before the audit committee for review and after such review, shall be submitted to the stock exchange(s). The listed entity shall also furnish an explanation for the variations above, in the directors' report in the annual report.
- The listed entity shall prepare an annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, certified by the statutory auditors of the listed entity, and place it before the audit committee till such time the full money raised through the issue has been fully utilized.
- Where the listed entity has appointed a monitoring agency to monitor utilisation of proceeds of a public or rights issue, the listed entity shall submit to the stock exchange(s) any comments or report received from the monitoring agency.
- Where the listed entity has appointed a monitoring agency to monitor the utilisation of proceeds of a public or rights issue, the monitoring report of such agency shall be placed before the audit committee on an annual basis, promptly upon its receipt.

If listed entities which have listed their specified securities on SME Exchange, "quarterly/quarter" shall respectively be read as "half yearly/half year".

#### **(5) Regulation 35- Annual Information Memorandum**

Listed entity shall submit to the stock exchanges an Annual Information Memorandum in the manner specified by SEBI from time to time.

#### **(6) Regulation 36- Documents and Information to Shareholders**

- a) The listed entity shall send annual report to the holders of securities, not less than 21 days before the AGM in the following manner:-
- Soft copies of full annual report to all those shareholders who have registered their e-mail addresses.
  - Hard copy containing salient features to those who have not registered their e-mail addresses.
  - Hard copies of full annual reports to all those who request for the same.

#### **(7) Regulation 37- Draft Scheme of Arrangement and Scheme of Arrangement**

- Before filing the draft scheme of arrangement before any court or tribunal, it shall be filed with the stock exchanges.
- An observation letter or no-objection letter shall be obtained before filing such draft scheme and shall be placed before the court or tribunal at the time of seeking approval of the scheme of arrangement.
- The observation or no objection letter shall be valid for a period of 6 months from the date of its

issuance within which the draft scheme of arrangement shall be submitted to the court or tribunal.

- Upon sanction of the scheme by the court or tribunal the listed entity shall submit such prescribed documents to the stock exchanges.
- Nothing contained in this regulation shall apply to draft schemes which solely provide for merger of a wholly owned subsidiary with its holding company. Such draft schemes shall be filed with the stock exchanges for the purpose of disclosures.

#### **(8) Regulation 38- Minimum Public Shareholding**

- The listed entity shall comply with the minimum public shareholding requirements specified in Rule 1992) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by SEBI from time to time. However, the provisions of this regulation shall not apply to entities listed on institutional trading platform without making a public issue.

#### **(9) Regulation 39- Issuance of Certificates or Receipts/Letters/Advices for securities and dealing with unclaimed securities**

- The listed entity shall:
  - Issue certificates or receipts or advices, as applicable, of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or issuance of new certificates or receipts or advices, as applicable within a period of 30 days from the date of such lodgement
  - Submit information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange ***within two days of its getting information.***
  - Comply with the procedural requirements specified in Schedule VI while dealing with securities issue pursuant to the public issue or any other issue, physical or otherwise which remain unclaimed and/or are lying in the escrow account, as applicable.

#### **(10) Regulation 40- Transfer or transmission or transportation of securities**

- The BODs may delegate the power of transfer of securities to a committee or to a compliance officer or to the share transfer agent
- Such delegated authority shall attend to share transfer formalities once in a fortnight and shall report on the same to the BOD's
- On receipt of proper documentation, the listed entity shall register transfers of its securities in the name of the transferee(s) and issue certificates or receipts or issue any valid objection or intimation to the transferee or transferor, as the case may be, within a period of 15 days from the date of such receipt of request for transfer.
- The listed entity shall ensure that transmission request are processed for securities held in dematerialised mode and physical mode within 7 days and 21 days respectively, after receipt of the specified documents.

#### **(11) Regulation 41- Other Provisions relating to securities**

- The listed entity shall not exercise a lien on its fully paid shares or partly paid shares except in respect of moneys called or payable at a fixed time in respect of such shares.
- The listed entity shall not issue shares in any manner which may confer on any person, superior rights

as to voting or dividend vis-a-vis the rights on equity shares that are already listed.

- The listed entity shall issue or offer in the first instance all shares (including forfeited shares), securities, rights, privileges and benefits to subscribe prorata basis, to the equity shareholders of listed entity, unless the shareholders in the general meeting decide otherwise.
- The listed entity shall not select any of its securities for redemption otherwise than on pro-rata basis or by lot.

#### **(12) Regulation 42- Record date or date of closure of transfer books**

- Listed company shall intimate stock exchanges, 7 days in advance about the record date for:
  - Declaration of dividend
  - Issue of right or bonus shares
  - Issue of share for conversion of debentures or any other convertible security
  - Corporate actions, like mergers, demergers, splits and bonus shares.
- A listed entity shall recommend or declare all dividends and/or cash bonuses at least 5 working days (excluding the date of intimation and the record date) before the record date.
- There shall be a gap of at least 30 days between two record dates.

#### **(13) Regulation 43- Dividends**

- The listed entity shall declare and disclose the dividend on per share basis only.
- The listed entity shall not forfeit unclaimed dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases

#### **(14) Regulation 43 A - Dividend Distribution Policy**

The top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

The dividend distribution policy shall include the following parameters:

- the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- the financial parameters that shall be considered while declaring dividend;
- internal and external factors that shall be considered for declaration of dividend;
- policy as to how the retained earnings shall be utilized; and
- parameters that shall be adopted with regard to various classes of shares:

However, if the listed entity proposes to declare dividend on the basis of parameters in addition to above mentioned clauses or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

The listed entities excluding top 500 listed entities, may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

**(15) Regulation 44- Voting by Shareholders**

- Listed company has to provide e-voting facility to all its shareholders, in respect of all shareholders' resolutions. Results of E-voting to be submitted **within 48 hours of conclusion of its General Meeting** in the format specified by SEBI

**(16) Regulation 45- Change in name of the Listed Entity**

- The listed entity shall be allowed to change its name subject to compliance with the following conditions:
  - A time period of **at least 1 year** has elapsed from the last name change;
  - **At least fifty percent of the total revenue** in the preceding one year period has been accounted for by the new activity suggested by the new name; or
  - The amount invested in the new activity/project is at least fifty percent of the assets of the listed entity.
- On satisfaction of conditions, the listed entity shall file an application for name availability with the Registrar of Companies.
- On receipt of confirmation regarding name availability from the Registrar of Companies, the listed entity shall seek approval from stock exchange by submitting a certificate from chartered accountant stating compliance with conditions.

**(17) Regulation 47- Advertisements in Newspapers**

- The listed entity shall publish the following information in the newspaper:
  - Notice of the meeting of the Board of Directors where financial results shall be discussed.
  - Financial results along-with the modified opinion(s) or reservation (s), if any expressed by the auditor.

However if the listed entity has submitted both standalone and consolidated financial results along with Turnover, Profit before Tax and Profit after tax, on a standalone basis as a footnote and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.
  - Statements of deviation(s) or variation(s) on quarterly basis, after review by audit committee and its explanation in director's report and in annual report.
  - Notices given to the shareholders by advertisement published in at least one English language national daily newspaper circulating in the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated.

**(18) Regulation 48- Accounting Standards**

**(19) The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.**

**Table 22: Compliance with Common Obligations to Listed Entity under SEBI (LODR) Regulations, 2015**

Sr. No	Regulation Number and Name		Time Period of filing of Certificate
1	7 (3)	Submission of Compliance Certificate to the Stock Exchange	Within 1 month of the end of each half of the financial year
2	7(5)	Intimation of appointment/Alteration of Share Transfer Agent. RTA is appointed when the total number of holders of securities of the listed entity exceeds 1 lac Rupees	Within 7 days of Agreement with RTA. Shall be placed before the BODs in subsequent meeting
3	13	Statement of Grievance Redressal Mechanism	Within 21 days of the end of the each quarter  The same statement shall be placed before the Board of Directors quarterly.

**Table 23: Compliance with Obligations of Listed Entity which has listed its specified securities i.e. Equity or Convertible Securities under SEBI (LODR) Regulations, 2015**

Sr. No	Regulation Number and Name		Time Period of filing of Certificate
1	27 (2)	Quarterly Compliance Report on Corporate Governance	Within 15 days from the closure of quarter
2	Proviso to 29 (2)	Prior intimation to Stock Exchange about Board Meeting	At least 5 days in advance excluding the date of intimation & date of Board Meeting
3	29 (2)	Prior intimation to Stock Exchange about Board Meeting	At least 2 working days in advance excluding the date of intimation & date of Board Meeting
4	29 (3)	Prior intimation to Stock Exchange about Board Meeting	At Least 11 working days in advance
5	General meeting intimation:  Intimation shall also be given in case of any Annual General Meeting or Extraordinary General Meeting or Postal Ballot that is proposed to be held for obtaining shareholders approval for further fund raising indicating type of issuance.		
6	30 (6) Second Proviso	Outcome of Board Meeting	Made within 30 minutes of the conclusion of the Board Meeting
7	30 (6)	Disclosure of events or information	Not later than 24 hours as per Part A of Schedule III
8	31 (1)	Holding of Securities and Shareholding Pattern separately for each class of securities	1 day prior to listing of its securities  Within 21 days from the end of each quarter  Within 10 days of capital restructuring

9	31A (7) ( C)	Event of reclassification	Within 24 hours of occurrence of the event
10	32 (1)	Statement indicating deviation (s) or Variation (S)	Quarterly basis to the SE till such time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.
11	33 (3) (a)	Financial Result	Within 45 days of end of each quarter other than the last quarter
12	33(3)(d) & (e)	Financial Result	Within 60 days from the end of financial year
13	33 (3) (f)	Financial Result	Half yearly submission
14	34 (1)	Annual Report	Within 21 working days of its being approved & adopted in AGM
15	35	The listed entity shall submit to the stock exchange (s) an Annual Information Memorandum in the manner specified by the Board from time to time.	
16	37 (1)	Draft scheme of arrangement & scheme of Arrangement	Before filing with Tribunal/court as the case may be
17	39 (3)	Issue of Share Certificates	Within 2 days of getting its information
18	40 (9)/(10)	Certificate from PCS	Within 1 month of the end of each half financial year
19	42 (2)	Record Date	At least 7 working days before the record date excluding the date of intimation & record date
20	44 (3)	Intimation to SE regarding result of General Meeting	Within 48 hours of the conclusion of General Meeting

**Table 24: Compliance with Obligations of Listed Entity which has listed its Non-Convertible Debt Securities Or Non-Convertible Redeemable Preference Shares or both under SEBI (LODR) Regulations, 2015**

Sr. No	Regulation Number and Name		Time Period of filing of Certificate
1	50 (1)	Interest/redemption Due	At least 11 working days before the date on which interest/redemption amount of redeemable shares/debentures shall be payable
2	50 (2)	Intimation to raise fund	Prior to the meeting of BOD's
3	50 (3)	Recommendations to Board Meeting	At least 2 working days before the Board Meeting excluding the date of the intimation and date of the meeting
4	52 (1)	Half Yearly Result	Within 45 days at the end of half financial year
5	52 (2) (a) proviso	Annual Result	Within 60 days at the end of financial year

6	57 (1)	Certificate regarding payment of interest and principal	Within 2 days of interest due
7	60 (2)	Record Date	At least 7 working days before the record date excluding the date of intimation & record date

**Table 25: Compliance with Obligations of Listed Entity which has listed its Indian Depository Receipts under SEBI (LODR) Regulations, 2015**

Sr. No	Regulation Number and Name		Time Period of filing of Certificate
1	69 (1)	IDR holding pattern & Shareholding details	Within 15 days at the end of each quarter
2	70 (1)	Financial Result	Within such time as per the listing requirements of the home country
3	71 (1)	Annual Report	At the same time as it is disclosed to the security holder in its home country or in other jurisdictions where such securities are listed
4	72 (2)	Corporate Governance	Within such time as per the listing requirements of the home country and other jurisdictions in which its equity shares are listed.
5	78 (2)	Record Date	At least 4 working days before the record date

**Table 26: Compliance with Obligations of Listed Entity which has listed its Securitised Debt Instruments under SEBI (LODR) Regulations, 2015**

Sr. No	Regulation Number and Name		Time Period of filing of Certificate
1	82 (1)	Issue new securities	Prior to issue of new securitized debt instrument
2	82 (2)	Intimation	At least 2 working days before the board meeting
3	82 (3)	Financial Information	Within 7 days from the end of month/actual payment date
4	83	Disclosure of information having bearing on performance of listed entity and/or price sensitive information	Promptly inform the stock exchange
5	87 (2)	Record Date	At least 7 working days before the record date excluding the date of intimation & record date

**Table 27: Compliance Calendar under SEBI (LODR) Regulations, 2015: Quarterly Compliances**

Regulation No.	Particulars	Period	Due Date
13(3)	Statement of Grievance Redressal Mechanism	Apr-Jun	21 <sup>st</sup> July
		Jul-Sept	21 <sup>st</sup> Oct
		Oct-Dec	21 <sup>st</sup> Jan
		Jan-March	21 <sup>st</sup> April
31 (1) (b)	Shareholding Pattern	---do---	---do---
32(1)	Statement of Deviation or Variation	----do---	---do---
27(2) (a)	Corporate Governance Report	Apr-Jun	15 <sup>th</sup> July
		Jul-Sept	15 <sup>th</sup> Oct
		Oct-Dec	15 <sup>th</sup> Jan
		Jan-March	15 <sup>th</sup> April
33(3) (a)	Financial Results	Apr-Jun	14 <sup>th</sup> Aug
		Jul-Sept	14 <sup>th</sup> Nov
		Oct-Dec	14 <sup>th</sup> Feb
		Jan-March	14 <sup>th</sup> May

**Table 28: Compliance Calendar under SEBI (LODR) Regulations, 2015:Half Yearly Compliances**

Regulation No.	Particulars	Period	Due Date
7(3)	Submission of Compliance Certificate to the Exchange	Apr-Sept	31 <sup>st</sup> Oct
		Oct-Mar	30 <sup>th</sup> Apr
40(10)	Compliance Certificate w.r.t Transfer or transmission or transportation of securities within 30 days	--do--	--do---

**Table 29: Compliance Calendar under SEBI (LODR) Regulations, 2015:Annual Compliances**

Regulation No.	Particulars	Due date
29(1)(a) read along with proviso to 29(2)	Prior intimations of Board Meeting for financial result viz. Quarterly, Half Yearly, or Annual	At least 5 clear days in advance

29(1) (b), (c), (d), (e), & (f) read alongwith 29(2)	Prior intimations of Board Meeting for Buyback, Voluntary Delisting, Fund raising by way of FPO, Rights Issue, ADR, GDR, QIP, FCCB, Preferential issue, debt issue or any other method, Declaration/ recommendation of dividend, issue of convertible securities carrying a right to subscribe to equity shares or the passing over of dividend, proposal for declaration of Bonus securities etc	At least 2 working days in advance
31(1) (a)	Shareholding pattern prior to listing of securities	One day prior to listing of securities
42(2)	Record date or date of closure of transfer books	At least 7 clear working days in advance
42(3)	Record date for declaring dividend and/ or cash bonus	At least 5 clear working days in advance
44 (3)	Voting results by shareholders	Within 48 hours

**Table 30: Event Based Compliance under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

Regulation No.	Particulars	Due date
7(5)	Intimation of appointment/Alteration of Share Transfer Agent. (RTA is appointed when the total number of holders of securities of the listed entity exceeds one lac)	Within 7 days of Agreement with RTA.  Shall be placed before the BODs in subsequent meeting
28(1)	In-principle approval	Prior to issuance of security
29	Prior Intimations of Board Meeting for financial Result	At least 5 clear working days in advance
29	Prior Intimations of Board Meeting for Buyback, voluntary delisting, etc.	At least 2 clear working days in advance
29 (3)	Prior Intimations of Board Meeting for alteration in nature of securities	At least 11 clear working days in advance
30 (6)	Disclosure of Price Sensitive Information	Not later than 24 hours as per Part A of Schedule III
31	Shareholding Pattern prior to listing of securities	One day prior to listing of securities

42 (2)	Record date or Date of closure of transfer books	At least 7 clear working days in advance
42 (3)	Record date for declaring dividend and / or cash bonus	At least 5 clear working days in advance
44 (3)	Voting results by shareholders	Within 48 hours
31(1) (c )	Shareholding pattern in case of Capital Restructuring	Within 10 days of any change in Capital Structure exceeding 2%
37(2)	Draft Scheme of Arrangement	Prior approval before filing with Court
45(3)	Change in name of listed entity	Prior approval

#### 4.6 CORPORATE LAWS

The Companies Act, 2013 was enacted on 29 August 2013 replacing the Companies Act, 1956. In addition the Ministry of Corporate Affairs has also notified Companies Rules 2014 on Management and Administration (March 2015), Appointment and Qualification of Directors (January 2015), Meetings of Board and its powers (March 2015) and Accounts (October 2014). The Companies Act, 2013 together with the Companies Rules provide a robust framework for corporate governance. The requirement inter alia provide for:

- Qualifications for Independent Directors along with the duties and guidelines for professional conduct {Section 149(8) and Schedule IV thereof}.
- Mandatory appointment of one woman director on the Board of the listed companies {Section 149(1)}.
- Mandatory establishment of certain committees, like Corporate Social Responsibility Committee {Section (135)}, Audit Committee {Section 177(1)}, Nomination and Remuneration Committee {Section 178(1)}, and Stakeholders Relationship Committee {Section 178(5)}.
- Prescribed a minimum of four meetings of the Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173(1)}.

**Table 31- Compliance under Companies Act 2013**

Sr. No	Compliance	Section & Rules	Form	Particulars of Compliance
1	Receipt of MBP-1	184(1)	MBP-1	Every director of the company in first meeting of the Board of Directors in each financial year will disclose his interest in other entities.
2	Receipt of DIR-8	164(2)	DIR-8	Every Director of the company in each financial year will file with the company disclosure of non-qualification.

3	E-forms filing requirements	92	E-Form MGT-7	<b>Annual Return:</b> Every company will file its annual return within 60 days of holding of Annual General Meeting. Annual Return will be for the period 1 <sup>st</sup> April to 31 <sup>st</sup> March.
4	E-forms filing requirements	137	E-Form AOC-4	<b>Financial Statement:</b> Every company is required to file its Balance Sheet along with statement of Profit and Loss Account, Cash Flow Statement and Director's Report in this form.  <b>Attachment:</b> Balance Sheet, Statement of Profit & Loss Account (including consolidated Financial Statement), Director Report, Auditor's Report, Cash Flow Statement and Notice of AGM
5	E-forms filing requirements	179 (3)	MGT-14	<b>Adoption of Financials and Director Report:</b> The Company will file MGT-14 along with copy of Board Resolution within 30 days of Board Meeting.
6	E-forms filing requirements	92	MGT-8	<b>Certification of Annual Return:</b> Every company having paid up share capital of 10 Crore or more or turnover of Rs 50 crore or more shall be certified by a Company Secretary in Practice.
7	Director's Report	134		<b>Director's Report</b> will be prepared by mention of all the information required under section 134.  It should be signed by the 'Chairperson' authorized by the Board, where he is not so authorized by at least 2 directors ; One of them should be the Managing Director if any.
8	Circulation of Financial Statement and other relevant documents	136		The Company will send its members approved copy of Financial Statement (including consolidated financial statement), cash flow statements, Director's Report and Auditor's Report at least 21 clear days before the Annual General Meeting.  (Except in case AGM is called on Shorter Notice)
9	Notice of AGM	101 & SS-II		Every notice of AGM will be prepared as per Section 101 of Companies Act 2013 and Secretarial Standard-II.  If there are more than 1000 members then Company will give e-voting facility.

10	Sending of Notice of AGM	101 & SS		<p>Notice of AGM will be sent to following:</p> <ul style="list-style-type: none"> <li>• All Directors, Members, legal representative of any deceased member or the assignee of an insolvent member</li> <li>• Auditors(including cost Auditors)</li> <li>• Secretarial Auditor, If any</li> <li>• Debenture Trustee, if any</li> </ul>
11	Board Meetings	173 & SS-I		<p>Every company shall hold a minimum number of Four meetings of its Board of Directors every year in such a manner that maximum gap between two meetings should not be more than 120 (one hundred twenty) days. The Company should hold at least 1(one) Board Meeting every quarter of calendar year.</p> <p>Participation of Board of Directors may be either in person or through video conferencing or such other audio visual means.</p>
12	Appointment of Auditor	139	E-Form ADT-1	<p>Auditor will be appointed for the 5 (Five) year and Form ADT-1 will be filed for 5year appointment. After that every year in AGM shareholder will ratify the auditor but there is no need to file ADT-1.</p>
13	Appointment of Company Secretary	203 Rules (8) (8A) of Companies Appointment and Remuneration of managerial Personnel Rules 2014	DIR-12	<p>Companies having paid-up share capital of Rs 5 crore rupees or more have to mandatorily have a Company Secretary in whole time employment.</p>
14	Maintenance of Registers	88	Form No. MGT.1	<p>Company will maintain the following mandatory registers:</p> <ul style="list-style-type: none"> <li>• Register of Director, director's shareholders, members;</li> <li>• Register of Members;</li> <li>• Register of Debenture holders /any other security holders;</li> <li>• Register of Loan, Guarantee, Investment made by the company;</li> <li>• Register of contract with related parties.</li> </ul>

Table 32- Limit Based Annual Compliances for Public Companies

Sr. No	Compliance	Section & Rules	Form	Particulars of Compliance
1	E-Forms Filing requirements	Rule 16 Chapter V	DPT-3	If company accepts deposits during the year then it is required to file return of deposits within 30 days of the end of financial year.
2	E-Forms Filing requirements	196	MR-1	Return of appointment and re-appointment of Managing Director or Whole Time Director or Manager.
3	E-Forms Filing requirements	149	DIR-12	Appointment of Independent Director
4	E-Forms Filing requirements	149	DIR-12	Appointment of Women Director
5	E-Forms Filing requirements	138	MGT-14	Appointment of Internal Auditor
6	E-Forms Filing requirements	204		<p>All below mentioned companies are required to get Secretarial Audit of the company from the Practising Company Secretary and report of PCS will be part of Director's Report (MR-3):</p> <ol style="list-style-type: none"> <li>a) All Listed Companies</li> <li>b) Every Public Company having: <ul style="list-style-type: none"> <li>• Paid up Share Capital of Rs 50 crore (fifty crore rupees) or more; or</li> <li>• Every public company having a turnover of Rs 250 crore (two hundred fifty crore rupees) or more.</li> </ul> </li> </ol>
7	Audit Committee	177		<p>All below mentioned companies are required to constitute an Audit Committee and meetings of that Committee will be as per Secretarial Standard I:</p> <ol style="list-style-type: none"> <li>a) All public companies with a paid up share capital of 10 crore rupees or more</li> <li>b) All public companies having turnover of one hundred crore rupees or more</li> <li>c) All public companies having their aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.</li> </ol>

8	Nomination and Remuneration Committee	178		<p>All below mentioned companies are required to constitute a Nomination &amp; Remuneration Committee and meetings of Committee will be as per Secretarial Standard-1:</p> <ul style="list-style-type: none"> <li>a) All public companies with a paid up share capital of 10 crore rupees or more</li> <li>b) All public companies having turnover of one hundred crore rupees or more</li> <li>c) All public companies having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.</li> </ul>
9	Vigil Mechanism	178		<p>All below mentioned companies are required to constitute an Audit Committee:</p> <ul style="list-style-type: none"> <li>a) The companies which accept deposits from the public.</li> <li>b) The companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees.</li> </ul>

Table 33- Annual Compliances for Listed Companies under Companies Act 2013

Sr. No	Compliance	Section & Rules	Form	Particulars of Compliance
1	Receipt of MBP 1	184 (1)& Rule 9(1)	MBP-1	<p>Every Director of the company in first meeting of the Board of Director in each financial year will disclose his interest in other entities.</p> <p>Every Director is required to submit with the company fresh MBP-1 whenever there is change in his interest from the earlier given MBP-1.</p>
2	Receipt of DIR-8	164(2)&rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014	DIR-8	Every director of the company in each financial year will file with the company disclosure of disqualification.
3	E-forms filing requirements	92	E-Form MGT-7	<b>Annual Return:</b> Every company will file its annual return within 60 days of holding of the Annual General Meeting. Annual Return will be for the period of 1 <sup>st</sup> April to 31 <sup>st</sup> March.

4	E-forms filing requirements	137	E-Form AOC-4	<p><b>Financial Statement:</b> Company is required to file its Balance Sheet along with statement of Profit and Loss Account, Cash Flow Statement and Director's Report in this form.</p> <p><b>Attachment:</b> Balance Sheet, Statement of Profit &amp; Loss Account (including consolidated Financial Statement), Director Report, Auditor's Report, Cash Flow Statement and Notice of AGM.</p>
5	E-forms filing requirements	179 (3)	MGT-14	<p><b>Adoption of Financials and Director Report:</b> The Company will file MGT-14 along with a copy of Board Resolution within 30 days of Board Meeting.</p>
6	E-forms filing requirements	92	MGT-8	<p><b>Certification of Annual Return:</b> Every company will file with its Annual Return within 60 days of the end of financial year.</p>
7	E-forms filing requirements	121	MGT-15	<p><b>Report on AGM:</b> Company shall prepare the report on each AGM and copy of the report shall file with the Registrar within thirty days of the conclusion of the AGM.</p>
8	E-forms filing requirements	179 (3)	MGT-14	<p><b>Appointment of Secretarial Auditor</b> The Company will file MGT-14 along with copy of Board Resolution within 30 days of Board Meeting.</p>
9	E-forms filing requirements	148 (3)	CRA-2	<p><b>Appointment of Cost Auditor</b> The Company will file copy of Board Resolution within 30 days of Board Meeting.</p>
	E-forms filing requirements	Rule 6(4) of the Companies (Cost Records and Audit) Rules, 2014	CRA-4	Cost Audit Report (CRA-3)
10	E-forms filing requirements	149	DIR-12	Appointment of Independent Director
11	E-forms filing requirements	149	DIR-12	Appointment of Women Director
12	Director's Report	134		<p><b>Director's Report</b> will be prepared by mention of all the information required under section 134.</p> <p>It should be signed by the 'Chairperson' authorized by the Board, where he is not so authorized by at least 2 directors; one of them should be the Managing Director if any.</p>

13	XBRL	137	AOC 4	Every listed company is required to prepare its financial statement in Extensible Business Reporting System.
14	Circulation of Financial Statement & other relevant documents	136		The Company will send to its members approved financial statement (including consolidated financial statement), Director's report and Auditor's Report at least 21 clear days before the AGM.
15	Notice of AGM	101 & SSII		Every notice of AGM will prepared as per Section 101 of Companies Act 2013 and Secretarial Standard-II. Every Listed Company will give e-voting facility.
16	Sending of Notice of AGM	101 & SS		Notice of AGM will be sent to following: <ul style="list-style-type: none"> <li>• All Directors, Members, Statutory Auditor</li> <li>• Secretarial Auditor, If any</li> <li>• Debenture Trustee, if any</li> </ul>
17	Board Meetings	173 & SS-I		Every company shall hold a minimum number of Four meetings of its Board of Directors every year in such a manner that maximum gap between two meetings is not more than 120 (one hundred twenty) days.  The Company should hold at least 1(one) Board Meeting every quarter of calendar year.
18	Appointment of Auditor	139	E-Form ADT-1	Auditor will be appointed for the 5 (Five) year and Form ADT-1 will be filed for 5-year appointment.  After that every year in AGM shareholder will ratify the auditor but there is no need to file ADT-1.
19	Maintenance of Registers	88	Form No. MGT.1	The Company will maintain the following mandatory registers: <ul style="list-style-type: none"> <li>• Register of Director, director shareholding, members;</li> <li>• Register of Debenture-holders /any other security holders ;</li> <li>• Register of Loan, Guarantee, Investment made by the company;</li> <li>• Register of contract with related parties;</li> <li>• Register of Key Managerial Personnel and their Shareholding.</li> </ul>

20	E-Voting	108		<p><b>Voting through Electronic Means:</b></p> <p>It is mandatory for the listed company and every company having not less than one thousand members to provide e-voting facility to shareholders.</p>
21	Postal Ballot	110		<p><b>Voting through Postal Ballot</b></p> <p>There are certain items for which it is mandatory for the company to provide Postal Ballot facility.</p>
22	Secretarial Audit	204	E-form MGT-14	All the listed companies are required to appoint Company Secretary in practice for Secretarial Audit.
23	Internal Auditor	138	E-form MGT-14	A company is required to appoint internal auditor and required to file e-form within 30 days of appointment.
24	Audit Committee	177		A listed company is required to constitute its Audit Committee and meetings of this Committee will be as per Secretarial Standard-1.
25	Nomination and Remuneration Committee	178		A listed company is required to constitute its Nomination & Remuneration Committee and meetings of this Committee will be as per Secretarial Standard-1.
26	Stakeholder Relationship Committee	178		A listed company is required to constitute its Stakeholder Relationship Committee and meetings of Committee will be as per Secretarial Standard-1.
27	Risk Management Committee			Top 500 companies
28	Vigil Mechanism	178		A Listed company is required to constitute a policy of vigil mechanism.
29	Return for change in Stake of Promoter	93	E-Form MGT-10	Listed company shall file a return with the registrar with respect to a change in the number of shares held by the promoters and top ten shareholders of such company, within 15 days of such change
30	E-Forms Filing requirements	Rule 16 Chapter V	DPT-3	If company accepts its deposits during the year then it is required to file a return of deposits within 30 days of the end of financial year.
31	E-Forms Filing requirements	196	MR-1	Return of appointment and re-appointment of the Managing Director or the Whole time Director, or Manager.
32	E-Forms Filing requirements	203	MR-1	Appointment of KMP
33	E-Forms Filing requirements	149	DIR-12	Appointment of Independent Directors.
34	E-Forms Filing requirements	149	DIR-12	Appointment of Women Directors.

35	E-Forms Filing requirements	205	MR-3	A listed company is required to get its Secretarial Audit done from the practising company secretary, and report of PCS will be a part of the Director's report.
----	-----------------------------	-----	------	--

#### 4.7 INTELLECTUAL PROPERTY RIGHTS LAWS

The statutes governing different kinds of IPRs in India are

1. Patents Act, 1970;
2. Trade Marks Act, 1999;
3. Designs Act, 2000;
4. Geographical Indications of Goods (Registration and Protection) Act, 1999;
5. Copyright Act, 1957;
6. Protection of Plant Varieties and Farmers' Rights Act, 2001;
7. Semiconductor Integrated Circuits Layout-Design Act, 2000 and
8. Biological Diversity Act, 2002.

The Department of Industrial Policy and Promotion (DIPP) is entrusted with matters concerning the specialised UN agency on the IPRs, the World Intellectual Property Organisation (WIPO), including coordination with other concerned Ministries or Departments. The Controller General of Patents, Designs and Trade Marks (CGPDTM) under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry is entrusted with the responsibility of administering the laws relating to Patents, Designs, Trade Marks and Geographical Indications within the territory of India. The CGPDTM presently functions through Patent Offices at four locations (Chennai, Delhi, Kolkata, and Mumbai), Trademarks Offices at five locations (Ahmedabad, Chennai, Delhi, Kolkata and Mumbai), a Geographical Indications Registry at Chennai and a Designs Wing at Kolkata. The Office of CGPDTM is also in charge of the Rajiv Gandhi National Institute of Intellectual Property Management at Nagpur.

Copyrights were administered by the Ministry of Human Resource Development. The Copyright Act is comprehensive and with the recent amendments, the rights of creators have been strengthened.

The Protection of Plant Varieties and Farmers' Rights Act, 2001 is a sui generis legislation in India providing protection for plant varieties and rights of farmers and is under the aegis of the Ministry of Agriculture. The Department of Information Technology was responsible for Semiconductor Integrated Circuits Layout-designs; the first registration under the Semiconductor Integrated Circuits Layout-Design Act was granted in October 2014. The preservation of biological diversity in India is under the Ministry of Environment and Forests; the Biological Diversity Act 2002 provides mechanism for regulating access and ensuring fair and equitable sharing of benefits arising out of the use of biological resources and associated traditional knowledge. India has always been conscious of its obligations in the international arena, and has acceded to a number of international conventions to further the cause of IPRs globally. India was the first country to ratify the Marrakesh Treaty 2013 for Access to Published Works by visually impaired persons. The accession to the Madrid Protocol in 2013 is a step towards global alignment for the proprietors of marks. The Indian Patent Office has been recognized as an International Search Authority and an International Preliminary Examination Authority.

## 1. Patents Act, 1970;

### Definitions and interpretation.—

- (a) "Appellate Board" means the Appellate Board referred to in section 116;
- (ab) "assignee" includes an assignee of the assignee and the legal representative of a deceased assignee and references to the assignee of any person include references to the assignee of the legal representative or assignee of that person;
- (aba) "Budapest Treaty" means the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the purposes of Patent Procedure done at Budapest on 28th day of April, 1977, as amended and modified from time to time;
- (ac) "capable of industrial application", in relation to an invention, means that the invention is capable of being made or used in an industry;
- (b) "Controller" means the Controller General of Patents, Designs and Trade Marks referred to in section 73;
- (c) "convention application" means an application for a patent made by virtue of section 135;
- (d) "convention country" means a country or a country which is a member of a group of countries or a union of countries or an Intergovernmental organization referred to as a convention country in section 133;
- (e) "district court" has the meaning assigned to that expression by the Code of Civil Procedure, 1908 (5 of 1908);
- (f) "exclusive licence" means a licence from a patentee which confers on the licensee, on the licensee and persons authorised by him, to the exclusion of all other persons (including the patentee), any right in respect of the patented invention, and exclusive licensee shall be construed accordingly.
- (g) Omitted by the *Patents (Amendment) Act, 2005*
- (h) "Government undertaking" means any industrial undertaking carried on—
  - i. by a department of the Government, or
  - ii. by a corporation established by a Central, Provincial or State Act, which is owned or controlled by the Government, or
  - iii. by a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956), or
  - iv. by an institution wholly or substantially financed by the Government;
- (i) "High Court", in relation to a State or Union territory, means the High Court having territorial jurisdiction in that State or Union territory, as the case may be;
- (ia) "international application" means an application for patent made in accordance with the Patent Cooperation Treaty;
- (j) "invention" means a new product or process involving an inventive step and capable of industrial application;

- (ja) "inventive step" means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art;
  - (k) "legal representative" means a person who in law represents the estate of a deceased person;
  - (l) "new invention" means any invention or technology which has not been anticipated by publication in any document or used in the country or elsewhere in the world before the date of filing of patent application with complete specification, i.e., the subject matter has not fallen in public domain or that it does not form part of the state of the art;
  - (la) "Opposition Board" means an Opposition Board constituted under sub-section (3) of section 25;
  - (m) "patent" means a patent for any invention granted under this Act;
  - (n) "patent agent" means a person for the time being registered under this Act as a patent agent;
  - (o) "patented article" and "patented process" means respectively an article or process in respect of which a patent is in force;
  - (oa) "Patent Cooperation Treaty" means the Patent Cooperation Treaty done at Washington on the 19th day of June, 1970 as amended and modified from time to time;
  - (p) "patentee" means the person for the time being entered on the register as the grantee or proprietor of the patent;
  - (q) "patent of addition" means a patent granted in accordance with section 54;
  - (r) "patent office" means the patent office referred to in section 74;
  - (s) "person" includes the Government;
  - (t) "person interested" includes a person engaged in, or in promoting, research in the same field as that to which the invention relates;
  - (ta) "pharmaceutical substance" means any new entity involving one or more inventive steps;
  - (u) "prescribed" means,—
    - (A) in relation to proceedings before a High Court, prescribed by rules made by the High Court;
    - (B) in relation to proceedings before the Appellate Board, prescribed by rules made by the Appellate Board; and
    - (C) in other cases, prescribed by the rules made under this Act;
  - (v) "prescribed manner" includes the payment of the prescribed fee;
  - (w) "priority date" has the meaning assigned to it by section 11;
  - (x) "register" means the register of patents referred to in section 67;
  - (y) "true and first inventor" does not include either the first importer of an invention into India, or a person to whom an invention is first communicated from outside India.
- (2) In this Act, unless the context otherwise requires, any reference –
- a) to the Controller shall be construed as including a reference to any officer discharging the functions

of the Controller in pursuance of section 73;

- b) to the patent office shall be construed as including a reference to any branch office of the patent office.

### Applications for Patents

Under this act there are six types of patent applications in India which are as follows:

1. *Ordinary Application (S.7)*

It refers to a patent application which doesn't claim any priority of application made or without reference to any other existing application under process with the Patent office.

2. *Convention Application (S.135)*

Refers to the application filed by an applicant claiming priority date based on a similar application filed in one of the convention country. The applicant should file the application in an Indian Patent Office within twelve months from the date of first filing of a similar application in the convention country

The applicant of convention application shall furnish when required by the Controller, copies of specification or documents certified by the chief of the Patent Office of the convention country. A translation of the said documents has to be furnished if the same is not in English.

3. *PCT International Application*

In this, the applicant gains an international filing date in all the designated countries conferring the late entry (upto 31 months) to the national offices without affecting the priority date. This is the best and most comprehensive method for those applicants seeking protection for the inventions in many countries.

The Indian Patent Office is a receiving office for international applications too.

An international application shall be filed with the appropriate office in triplicate in respect of head office and quadruplicate in respect of branch offices, either in English or in Hindi Language [Rule 19(1)]

4. *PCT National Phase Application [S.7(1)(A)]*

An international application, as mentioned above, can enter the national phase within 31 months from the international filing date. Called the PCT National Phase Application, this application filed before the Controller in the Indian Patent Office claims the priority and international filing date. The title, description, drawings, abstract and claims filed with the application shall be taken as the complete specification for the purposes of filing in India.

5. *Application for Patent of Addition (S.54)*

Application for Patent of Addition comes into play when an applicant feels that his/her invention is a slight modification on the invention for which he/she has already applied for/has patent in India. There is no need to pay separate renewal fee for the patent of addition during the term of the main patent and expires along with the main patent unless it is made independent.

6. *Divisional Application*

In certain cases, either on his own request or on request of the Controller, when the application made by the applicant claims more than one invention, he may divide the application and file two or more

applications as applicable for each of his/her invention.

The priority date for all the divisional application would be same as the one claimed by the parent application.

**Table 34- List of Forms for Filing Patents**

<b>Form No</b>	<b>Particulars</b>	<b>The Patents Act 1970 (39 Of 1970) and The Patents Rules, 2003</b>
1	Application For Grant Of Patent	[[Section 7, 54 and 135 and Sub-Rule (1) of Rule 20]]
2	Provisional/Complete Specification	(Section 10 and Rule 13)
3	Statement And Undertaking Under Section 8	(Section 8; Rule 12)
4	Request For Extension Of Time	[Sections 53(2), And 142 (4); Rules 13(6), 24b(6), 24c(11) And 80(1a), 130]
5	Declaration as to Inventorship	[Section 10(6) and Rule 13(6)]
6	Claim or Request regarding any change in applicant for Patent	[Section 20(1), 20(4), and 20(5); rules 34(1) and 36(1)]
7	Notice of Opposition	[Section 25(3) and rule 55(A)]
7A	Representation for Opposition to Grant of Patent	(Rule 55)
8	Request or claim regarding mention of Inventor as such in a Patent	[Section 28(2), 28(3) and 28(7); rules 66,67 and 68]
9	Request for Publication	[Section 11A(2); rule 24A]
10	Application for Amendment of Patent	Section 44; rule 75
11	Application for direction of the Controller	[Section 51(1) and 51(2); rules 76 & 77]
12	Request for grant of Patent	[Section 26(1), 52(2); rules 63(A) and 79]
13	Application For Amendment Of The Application For Patent/ Complete Specification/Any Document Related Thereto	[Section 57; sub-rule (1) of rule 81]
14	Notice of Opposition to Amendment /Restoration/ Surrender of Patent/Grant of compulsory License or revision of terms thereof or to correction of clerical errors	[Section 57(4), 61(1), 63(3), 78(5) and 87(2); rules 81(3)(b), 85(1), 87(2), 98(1), 101(3), and 124]
15	Application for Restoration of Patent	(Section 60, rule 84)
16	Application for registration of Title/Interest in a Patent or share in it or registration of any document purporting to affect proprietorship of Patent	[Section 69(1), 69(2); rules 90(1) and 90(2)]

17	Application for compulsory license	[Section 84(1), 91, 92(1), or 92(A) rule 96]
18	Request/Express request for examination of application for Patent	Section 11(B) and rule 20(4)(ii), 24(B)(1)(i)]
18 A	Request For Expedited Examination Of Application For Patent	[Section 11B and Rule 24C]
19	Application for Revocation of a Patent for Non Working	[Section 85(1); rule 96]
20	Application for Revision of Terms and Conditions of License	[Section 88(4); rule 100]
21	Request for Termination of Compulsory License	[Section 94; rule 102(1)]
22	Application for registration of Patent Agent	[Rules 109(1) and 112]
23	Application for restoration of the Name in the Register of Patent Agents	[Section 130(2); rule 117(1)]
24	Application for Review/Setting aside Controller's Decision/Order	[Section 77(1)(f) and 77(1)(g) and rules 130(1) and 130(2)]
25	Request for permission for making Patent application outside India	[Section 39; rule 71(1)]
26	Form for authorization of a Patent Agent/or any person in a matter or proceeding under the act	Sections 127 and 132; rule 135
27	Statement regarding the working of the Patented Invention on Commercial scale in India	[Section 146(2) and rule 131(1)]
28	To Be Submitted By A Small Entity / Startup	[Rules 2 (fa), 2(fb) and 7]
29	Request For Withdrawal Of The Application For Patent	[Section 11B(4) and rules 7(4A), 26]
30	To Be Used When No Other Form Is Prescribed	[Sub-rule (2) of Rule 8 ]

## 2. Industrial Designs

According to the Designs Act, 2000 an Industrial Design is defined as “the features of shape, configuration, pattern or ornament or composition of lines or color or combination thereof applied to any article whether two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye”.

Simply put, a design is the overall visual appearance of the product that is unique to the product. The uniqueness of the appearance may be rendered by the shape, combination of colors, composition of lines and the like. The important point is that the design must be *capable of being applied to an article*. Therefore, the design cannot exist in abstract; it must be applied whether to a two-dimensional or a three-dimensional article.

Design enhances the aesthetic value of a product. Most consumers base their purchase decisions on the way in which a product looks. Given the importance a design has on the decision-making of consumers, it is only

fair to protect original and unique designs by conferring their right to use on the creators. Even if the design of a product is copied, it can have an adverse effect on the business of the creator of the design.

The Designs Act, 2000, lists the following requirements to be met, before a design can be registered:

- *Novelty*– the design should be original and cannot be published or in use in any country. However, an existing design on a new subject-matter can be registered.
- It should be *applied or applicable* to an article. This excludes industrial plans or layouts from registration as designs.
- The design should be applied to an article by an *industrial process*. This excludes paintings and sculptures that are not produced in bulk by an industrial process from registration.
- The design should be *visible* on the final article. This is because the design is judged solely by the eye.
- Any mode of operation; a *mechanical device* cannot be registered.
- Design cannot include a trademark, property mark or any artistic rights as defined under the Copyright Act, 1957.

Registration of a Design confers on the owner a copyright to use the design for the article for which it was registered. This, in effect means that the owner has an exclusive right to use the design for the article under which it was registered. Any infringement of a registered design confers on the owner a right to sue the infringer for damages.

Thus, registering a design is important to protect the appearance of the product. An important point to note is that an article must have its existence independent of the design. This means that even if the design is not applied to the article, the article can continue to exist. Thus, stamps, labels and the like cannot be considered as articles for the purpose of registration of designs.

Given below is a list of the comprehensive steps involved in registering a Design in India:

- I. Submit a duly filled in registration form with the prescribed fees along with four copies of the representation of the Design (of size 33cm x 25cm with suitable margins). The drawing should clearly depict the features of the design from all the views and it must state the view.
- II. The Application along with the required documents must be submitted to the Design Wing of the Patent Office in Kolkata or to any branch office of the Patent Office in Delhi, Mumbai or Chennai.
- III. On receipt of the application in the Patent Office, the Application is numbered, dated and taken up for examination. (Please note that unlike Patents there is no need to file a separate request for examination. Design Applications, once filed are automatically taken up for examination)
- IV. If any defects are noticed in the Application, they are communicated to the Applicant or his Agent.
- V. The defects must be corrected within a period of 6 months from the official date of Application.
- VI. If the defects are not rectified, as required by the Controller a personal hearing is provided to the applicant. The Controller's decision after the hearing is communicated in writing (stating reasons) to the Applicant or his Agent.
- VII. The Applicant can appeal to the High Court (within 3 months from the date of the Controller's decision)
- VIII. Once accepted the Application is notified in the Patent Office Journal.

- IX. The term of Design: Once registered a Design is valid for a period of 10 years from the date of registration of the Design. This term is extendable for a further period of 5 years by filing an Application for extension along with the prescribed fee.

**Table 35- List of Forms for Industrial Designs**

Form No.	Section or Rule	Title
1	Sections 5 and 44	Application for registration of design/Application under reciprocal arrangement.
2	Section 8(1)	Claim to proceed as an applicant or joint applicant
3	Section 11(2)	Application for Extension of copyright.
4	Section 12(2)	Application for Restoration of lapsed design
5	Section 17(1)	Inspection of registered design
6	Section 18	Request for information when registration number is given.
7	Section 18	Request for information when registration number is not given.
8	Section 19	Petition to cancel registration of design.
9	Section 21	Notice of intended exhibition or publication of unregistered design.
10.	Section 30(3)	Application for registration of a document in the Register Design.
11	Section 30	Application for entry of name of proprietor or part proprietor in the Register
12	Section 30	Application for entry of mortgage or licence in the Register.
13.	Section 30 and rule 37	Application for entry of notification of a document in the Register.
14	Section 29	Request for correction of clerical error.
15	Section 26 and rule 41	Request for certificate.
16	Section 17(2)	Application for certified copy of registered design.
17	Section 31	Application for rectification of Register.
18	rule 15	Application for extension of time for filing priority document.
19	rule 40	Notice of opposition.
20	rules 29 and 40	Notice of intention to attend hearing.
21	Section 43	Power of authority to agents.
22	rule 31	Request to alter name or address or address for service in Register
23	Section 10	Request for entries of two addresses in the Register
24		To be submitted for claiming the status of a Small entity

### 3. The Designs (Amendment) Rules, 2008

The following amendments are made in The Design rules (2001) which shall be noted

#### Rule (3) (1) is substituted with the following:

**Rule (3)(1) Manner for leaving and serving documents:** Any application, notice or other document authorized or required to be filed, left, made or given at the office, or to the controller or to any other person under the act or these rules, may be sent by hand or by a prepaid letter addressed to the controller or to that person through post or courier service or by electronic transmission duly authenticated, it shall be deemed to have been filed, left, made or given at the time when the letter containing the same would have been delivered in the ordinary course of post or courier service or electronic transmission duly authenticated, as the case may be. In proving

such sending, it shall be sufficient to prove that the letter was properly addressed and transmitted, provided that any application, notice or document sent through fax or by electronic mail shall also be deemed to have been filed, left, made or given if the same is clear and fully legible and its original or the paper copy, as the case may be, is submitted to the office within fifteen days from the date of receipt of the document so faxed or electronically mailed except where the fee is required to be accompanied with the documents.

**Rule (5) sub rule (2) clauses (a) (b) and (c) is substituted as follows:**

- a) the fees payable under these rules may either be paid in case or through electronic means or may be sent by bank draft or cheque payable to the controller and drawn on a scheduled bank at the place where the office is situated.
- b) Where a fee is payable in respect of a document, the entire fee shall accompany the document.
- c) Fees once paid in respect of any proceedings shall not ordinarily be refunded irrespective of whether the proceeding has taken place or not.

**In Rule (7) sub rule (1) the text "A4 size with margin of at least one inch and a half or" shall be substituted with "A4 size (210mm x 296.9 mm) with a margin of"**

**Rule 14 Representation**

- (1) The four copies of the design required by rule 11 shall be exactly similar drawings, photographs, tracings or other representations including computer graphics of the design or shall be specimens of the design.
- (3) each representation of the design whether to be applied to a single article or to a set, shall, be on durable paper of A4 size (210mm x 296.9 mm) (and not on cardboard) and shall appear on only one side of the paper. The figure or figures shall be placed in an upright position on the sheet in size in which the details are clearly visible. When more figures than one are shown, these shall, where possible, be on one or more sheets, and each shall be designated (e.g., perspective view; front perspective view; front view, side view) etc.
- (7) figures and words "5 by 4 inches or" shall be omitted

After sub rule (8) the following sub-rules shall be inserted, namely:-

- (9) Photographs shall be pasted on the representation sheets firmly only with the help of strong adhesive, not by any other means including stapler pin and cellotape.
- (10) Where photographs are used in the representation sheets, one of the four copies of the representation sheets shall not be covered with cellphone/tracing papers, or any other papers.

**In Rule 15 of the principal rules, in sub rule (2),** the following words shall be inserted at the end "on an application made in form 18 with the fee specified in the first schedule"

**Rule 16 (1)** after the text bracket and figures i.e. "sub-section (1)" "and (5)" shall be inserted

**In rule 17** the following shall be inserted at the end "after acceptance the controller will issue the certificate of registration as specified in the fifth schedule of the rules"

**In rule 18(1)** in the proviso, the following shall be inserted at the end " or may be extended for a further period not exceeding three months on a request made in Form 18 by the applicant or his agent along with the fee specified in the first schedule before the expiry of the stipulated period of six months.

**Rule 21** substituted as "21. Non-completion within a stipulated period- an application which owing to any negligence or default of the applicant, has not been completed so as to enable registration to be effected within 6 months or within extended period as specified in rule 18 from the date of application, shall be deemed to be abandoned"

**In rule 22, 25, 27, 39**, the word "Gazette" wherever it occurs- the words, figures and brackets "Journal referred to in section 145 of the Patents Act 1970 (39 of 1970)" shall be substituted

**In rule 28 (2)** for the word "Lodge" the word "File" shall be substituted

**In rule 29 (1) and 29 (2)** after the word "statement" the words "and evidence" shall be inserted

**In sub-rule 29(3) and 29 (4)** , the following sub rule shall be substituted:

(3) " if the registered proprietor intends to oppose the application she shall do it within a time to be specified by the controller, file at the office a counter statement and evidence setting out the grounds on which he intends to oppose the application and shall deliver to the applicant a copy thereof simultaneously"

(4) "The applicant may, after delivery to him of the copy of the registered proprietor's counter statement and evidence leave at the office, evidence in reply by way of affidavits in support of his case and shall also deliver to the registered proprietor a copy thereof simultaneously"

**Rule 29 Sub-rule (5) and sub-rule (6) shall be omitted**

**Rule 29 sub-rule (9)**, the following sub-rule shall be substituted, namely-

"(9). The time allowed for filling the counter-statement and evidence or for leaving reply evidence shall ordinarily be one month which may be extended only by a special order of the Controller given on a petition with the fee specified in the first schedule made by party seeking extension of time.

Provided that the extension so granted shall in no case exceed three months in aggregate"

In Rule 29 (10) the figures "sub-rules (3) to (8)" is substituted with "sub-rules (1) to (8)"

In rule 40 (2) and rule 40 (3) after the words "written statement" the words "and the evidence" shall be inserted

In sub-rule (4) for "sub-rules (4) to (13)" the text "sub-rules (3) to (11)" shall be substituted

**Rule 47 shall be substituted with the following rules:**

"47. General power to enlarge time: The time prescribed by these rules for doing any act or taking any proceeding where no special provision is made there under may be enlarged by the Controller, for a period not exceeding three months, if he thinks fit, and upon such terms as he may direct.

47 (A) Digital Signature- The signature, as required, wherein applicable, under the rules may include digital signature"

- **The Design Amendment Rules 2014**

The following amendments are made in The Design rules (2001) which shall be noted

In rule 2, of the design rule 2001

After clause (c), the following clause shall be inserted, namely:

- (i) (ca) person other than the natural person shall include a small entity

(ii) After clause (e) the following clause shall be inserted, namely:-

(ea) small entity means-

- (i) in case of an enterprise engaged in the manufacture or production of goods, an enterprise where the investment in plant and machinery does not exceed the limit specified for a medium enterprise under clause (a) of sub-section (1) of section 7 of the micro small and medium enterprises development act 2006 (27 of 2006) and
- (ii) in case of an enterprise engaged in providing or rendering of services, an enterprise where the investment in equipment is not more than the limit specified for medium enterprises under clause (b) of sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006.

*Explanation 1-* for the purpose of this clause, "enterprise" means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the first schedule to the industries (development and Regulation) Act, 1951 (65 of 1951) or engaged in providing or rendering of any service or services in such an industry.

*Explanation 2-* in calculating the investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such other things as may be specified by notification under the Micro, Small and Medium enterprises development act 2006, (27 of 2006), shall be excluded.

*Explanation 3-* the reference rates of foreign currency of the Reserve Bank of India shall prevail.

**Rule 5 sub rule (2) after clause (d), the following clauses shall be inserted namely:-**

- (e) In case an application processed by a natural person is fully or partly transferred to a person other than a natural person, the difference, if any, in the scale of fees between the fees charged from a natural person and the fees chargeable from the person other than natural person in the same matter shall be paid by the new applicant with the request for transfer.
- (f) In case an application processed by a small entity is fully or partly transferred to a person other than a natural person (except a small entity), the difference if any in the scale of fees between the fees charged from the small entity and the fees chargeable from the person other than natural person (except a small entity), in the same matter shall be paid by the new applicant with the request made for such transfer.

**In rule 6, after sub-rule (1), the following proviso shall be inserted, namely:-**

"Provided that in the case of small entity, every document, for which a fee has been specified, shall be accompanied by Form 24".

For the FIRST SCHEDULE, the following SCHEDULE shall be substituted namely:-

No of entry	On What Payable	No of Form	Fees (in Rupees)		
			For Natural Person	For other than natural person(s) either alone or jointly with natural person	
				For small entity	For others except small entity
1	On application for registration of design under sections 5 and 44	1	1000	2000	4000
2	On claim under section 8(1) and (5) to proceed as an applicant or joint applicant.	2	500	1000	2000
3	On application for extension of copyright under section 11(2)	3	2000	4000	8000
4	On application for restoration of lapsed design under section 12(2)	4	1000	2000	4000
5	Additional fee for restoration		1000	2000	4000
6	Inspection of registered design under section 17 (1)	5	500	1000	2000
7	On request for information of design when registration No given under section 18	6	500	1000	2000
8	On request for information of design when registration no not given	7	1000	2000	4000
9	On petition for cancellation of design under section 19	8	1500	3000	6000
10	Notice of intended exhibition or publication of an unregistered design under section 21	9	500	1000	2000
11	Application for registration of a document in register of design under section 30 (3)	10			
	In respect of one design		500	1000	2000
	For each additional design		200	400	800
12	On application for entry of name of proprietor or part proprietor in register of Design under section 30	11			
	In respect of one design		500	1000	2000
	For each additional design		200	400	800
13	On application for entry of mortgage or license	12			
	In respect of one design		500	1000	2000

	For each additional design		200	400	800
14	Application for entry of notification of a document in the register of design under section 30 and rule 37	13			
	In respect of one design		500	1000	2000
	For each additional design		200	400	800
15	On request for correction of clerical error under section 29	14	500	1000	2000
16	On request for certification under section 26 and rule 41	15	500	1000	2000
17	On application for certified copy of registered design under section 17(2)	16	500	1000	2000
18	On application for rectification of register of design under section 31	17	500	1000	2000
19	On application for extension of time for filling priority document under rule 15 & rule 18	18	200 (per Month)	400 (per Month)	800 (per Month)
20	On notice of opposition under rule 40	19	100	200	400
21	Notice of intention to attend hearing under rule 29 and 40	20	500	1000	2000
22	Form for authorization of agent or other person	21			
23	On request to alter name or address or address for service in the register of design under rule 31	22	200	400	800
24	On request for entries of two addresses in the register of design	23	200	400	800
25	On petition under rule 46 for amendment of any document		500	1000	2000
26	On petition under rules 29, 40 47 for enlargement of time		500	1000	2000
27	Inspection of register of design under rule 38 (in respect of each design)		250	500	1000
28	On petition not otherwise provided for		1000	2000	4000
29	To be submitted for claiming the status of a small entity	24	No fee	No fee	No fee

### In the second schedule

- (i) In the list of forms after FORM NO 23, the following entry shall be inserted, namely:

24	Rules 2 and 5	To be submitted for claiming the status of a small entity
----	---------------	---

- (ii) In FORMS 1,4 and 7 for the word, letters and figures "FEE Rs 1000" the words "For fee see first schedule" shall respectively be substituted.

- (iii) In Forms 2,5,6,9,14,15,16,17 and 20 for the words, letters and figures "Fee Rs.500" the words, "For fee see first schedule" shall respectively be substituted.
- (iv) In "Form 3" for the words, letters and figures "Fee Rs.2000", the words "For fee see first schedule" shall be substituted.
- (v) In "Form 8" for the words, letters and figures "Fee Rs.1500" the words, "For fee see first schedule" shall be substituted.
- (vi) In "Form 19" for the words, letters and figures "Fee Rs.100" the words, "For fee see first schedule" shall be substituted.
- (vii) In "Forms 22 and 23" for the words, letters and figures "Fee Rs.200" the words, "For fee see first schedule" shall respectively be substituted.
- (viii) In Forms 10,11 and 12
  - (a) For the words and asterisks namely "Fee\*\*", the words "For fee see first schedule" shall respectively be substituted.
  - (b) The asterisks words and figures namely, "\*\*\* In respect of one design Rs 500.00. For each additional design Rs.200" shall be omitted.
- (ix) In form 13
  - a. For the words and asterisks "Fee\*\*", the words "For fee see first schedule" shall be substituted
  - b. The asterisks words and figures namely, "Note- Fee--\*\* in respect of one design Rs. 500. For each additional design Rs. 200" shall be omitted.
- (x) In Form 18
  - (a) For the words and asterisks "Fee\*\*", the words "For fee see first schedule" shall be substituted.
  - (b) The asterisks words and figures namely, "\*\* Rs. 200 per month "shall be omitted.
- (xi) After Form No 23, the following form shall be inserted, namely:-

FORM 24

(Design Act 2000)

(See rules 2 and 5)

TO BE SUBMITTED FOR CLAIMING THE STATUS OF A SMALL ENTITY (See Annexure)

**For THE FOURTH SCHEDULE, the following schedule shall be substituted namely:-**

THE FOURTH SCHEDULE

(See Rule 43)

Scale of costs allowable in proceedings before the Controller

- **Industrial Design fee structure in India**

Now, let us take a look at the Industrial Design fee structure in India. The fee structure applicable now is in accordance with the Design (Amendment) Rules, 2014. The 2014 Amendment (effective

from 30.12.2014) introduced, for the first time, two categories of applicants for Design registration: **Natural Persons** and **Other than Natural Persons**. The latter category is further sub-divided into **Small Entity** and **Others except Small Entity**. Prior to the Amendment the same amount of fees was applicable to all categories of Applicants. With the Amendment in place, each listed category has to pay a different amount for the Design Registration Process.

The fee for a small entity has been fixed between the fees for a natural person and fees for all persons other than natural person (except small entity). This, in effect means that there is a 50% reduction in the fee for a small entity (as opposed to a large entities). The Amendment has also introduced a new form. **Form-24**. This form has to be submitted along with a new Application, if an Applicant wants to claim the status of a Small Entity. It is important to note that Form-24 has to be filed at least once against the application number for subsequent documents for which a fee has been prescribed.

- **Salient features of The Designs (Amendment) Rules, 2014**

The Designs (Amendment) Rules, 2014 have been published by the Government of India, Ministry of Commerce and Industry (Department of Industrial Policy and Promotion) by notification in Part-II, Section 3, Sub-Section (i) of the Gazette of India, Extraordinary on December 30, 2014 and have been made effective from the date of publication. The said rules are available on the official website of the Department of Industrial Policy and Promotion [www.dipp.nic.in](http://www.dipp.nic.in) and of the Office of Controller General of Patents, Designs and Trade Marks [www.ipindia.nic.in](http://www.ipindia.nic.in).

*The salient features of the amended rules include:*

- A revised fee structure has been provided for the filing of Design application as well as other proceedings under the Designs Act in the First as well as Fourth Schedule of the amended rules.
- Two main categories of applicants for designs have been introduced as “natural person” and “other than natural person(s)”. The second category of applicants i.e. “other than natural person(s)” has been further divided into two sub-categories viz., “small entity” and “others except small entity”. The fee for “small entity” has been fixed in between the fee for a natural person and for all persons other than natural persons (except a small entity). The criteria for “small entity” have been elaborated in the amended rules.

*Revised Form 1 to 23 have been introduced-The Second Schedule.*

A new Form-24 has been introduced in the rules, which has to accompany every new application for subsequent documents for which a fee has been specified and for which the fee applicable for a small entity has been claimed, should ensure that Form-24 is filed at-least once against the application number. In case of any change of status of the applicant(s) such that the benefit derived by the applicant due to its claimed status does not remain valid or applicable, it will be the responsibility of the applicant(s) to inform the Patent Office about the said change.

In case an application processed by a natural person is fully or partly transferred to a person other than a natural person, the difference, if any, in the scale of fee(s) between the fee(s) charged from a natural person and the fee(s) chargeable from the person other than a natural person in the same matter, shall be paid by the new applicant with the request for transfer.

In case an application processed by a small entity is fully or partly transferred to a person other than a natural person (except a small entity), the difference, if any, in the scale of fee(s) between the fee(s) charged from a small entity and the fee(s) chargeable from the person other than a natural person

(except a small entity) in the same matter, shall be paid by the new applicant with the request for transfer.

The new fee structure has come into effect concurrently with the publication of these rules.

It is clarified that, in case of joint applicants, the highest fee category of the applicant among the joint applicants will be taken into consideration for the purpose of fee calculation.

It shall be the sole responsibility of the applicant(s) to select the correct category of applicant and file all supporting documents in respect thereof while filing an application or other documents. Failure of this may attract the provisions of section 24(2) of the Designs Act, 2000.

A registered design entered into the Register of Designs by making any false suggestion or false representation as to the status of a small entity may attract the provisions of section 31 of the Designs Act, 2000.

**Table 36- List of Forms and Fees for Trademarks**

**The First Schedule**

[See rule 11]

**FORMS AND FEES**

<b>Entry No.</b>	<b>On what payable</b>	<b>Amount Rs.</b>	<b>Corresponding Form Number</b>
1.	On application to register a trade mark for a specification of goods or services included in one class [Section 18(1)]	3500.00	TM-1
2.	On application to register a textile trade mark (other than a certification trade mark or a collective mark) consisting exclusively of numerals or letters or any combination thereof for a specification of goods or services included in one item of the Fifth Schedule under rule 25(5) & 145.	3500.00	TM-22
3.	On application to register a trade mark for goods or services included in a class from a convention country under section 18(1) & 154(2)	3500.00	TM-2
4.	On a single application under section 18(2) for the registration of a trade mark for different classes of goods or services from a convention country under section 154(2)	3500.00 for each class	TM-52
5.	On a single application under section 18(2) for the registration of a trade mark for different classes of goods or services.	3500.00 for each class	TM-51
6.	On application to register a series trade mark under section 15 for a specification of goods or services included in a class or different classes	3500.00 for each trade mark and for each separate class thereof	TM-8

7.	On application to register a series of trade mark from a convention country under section 154(2) for a specification of goods or services included in a class or classes	3500.00 for each trade mark and for each separate class thereof	TM-37
8.	On application under section 63(1) to register a collective mark for a specification of goods or services included in a class	10,000.00	TM-3
9.	On application under section 71(1) to register a certification trade mark for a specification of goods or services included in a class.	10,000.00	TM-4
10.	On application for the registration of a textile trade mark (other than a certification trade mark or a collective mark ) consisting exclusively of numerals or letters, or any combination thereof for a specification of goods or services included in one item of the Fifth Schedule under rule 145 from a convention country under section 154(2).	3500.00	TM-45
11.	On a request under rule 40(1) to state grounds of decision.	1000.00	TM-15
12.	On a notice of opposition under section 21 (1), 64, 66 or 73 for each class opposed.	2500.00	TM-5
13.	On application for extension of time for filing notice of opposition under section 21(1)	500.00	TM-44
14.	On a counter statement in answer to a notice of opposition under section 21, for each application opposed, or in answer to an application under any of the section 47 or 57 in respect of each trade mark or in answer to a notice of opposition under section 59 or rule 101 for each application or conversion opposed.	1000.00	TM-6
15.	On notice of intention to oppose hearing under any of the section 21, 47, 57 and 59 by each party to the proceeding concerned.	500.00	TM-7
16.	On application under section 16(5) to dissolve the association between registered trademarks.	500.00 for each dissolution	TM-14
17.	For renewal under section 25 of the registration of a trade mark at the expiration of the last registration not otherwise charged.	5,000.00	TM-12
18.	For renewal under section 25 of the registration of a series trade mark at the expiration of the last registration- For the first two marks of the series of each separate class:  For every additional mark of the series of each separate class.	5,000.00  2500.00	TM-12
19.	For renewal under section 25 of a single application of a trade mark for goods or services in more than one class in respect of every class.	5,000.00 for each class	TM-12
20.	For renewal under section 25 of the registration of a collective mark/certification trade mark.	20,000.00	TM-12

21	On application under section 25(4) for restoration of a trade mark removed from the register.	5000.00	TM-13
22.	On application for renewal under proviso to section 25(3) within six months from the expiration of last registration of the trade mark.	3000.00 as surcharge.	TM-10
23.	On application for certificate of the Registrar under section 40(2) : For the first mark proposed to be assigned. For every additional mark of the same proprietor included in that assignment.	2500.00 500.00	TM-17
24.	On application for approval of the Registrar under section 41- For the first trade mark. For every additional trade mark of the same proprietor included in the same transfer.	2500.00 500.00	TM-19
25.	On application under section 42 for direction of a Registrar for advertisement of assignment without goodwill of a trade mark in use- For the first trade mark assigned. For every additional trade mark assigned with the same devolution of title.	2500.00 500.00	TM-20
26.	On application for extension of time for applying for directions under section 42 for advertisement of assignment without goodwill of the trade mark in use in respect of devolution of title- Not exceeding one month Not exceeding two months Not exceeding three months	500.00 1000.00 1500.00	TM-21
27.	On application under section 45 to register a subsequent proprietor in a case of assignment or transfer of a single trade mark: If made within six months from the date of acquisition of proprietorship. If made after expiration of six months but before 12 months from the date of acquisition of proprietorship. If made after 12 months from date of acquisition of proprietorship.	5000.00 7500.00 10,000.00	TM-23 OR TM -24 TM-23 OR TM-24. TM-23 OR TM-24. TM-23 OR TM-24.

28.	<p>On application under section 45 to register a subsequent proprietor of more than one trade mark registered in the same name, the devolution of title being the same in each case:-</p> <p>If made within six months from the date of acquisition of proprietorship-</p> <p>For the first trade mark</p> <p>For every additional trade mark</p> <p>If made after the expiration of six months but before twelve months from the date of acquisition of proprietorship:-</p> <p>For the first mark</p> <p>For every additional mark</p> <p>If made after expiration of twelve months from the date of acquisition of proprietorship:-</p> <p>For the first mark</p> <p>For every additional mark</p>	<p>5000.00</p> <p>1000.00</p> <p>7500.00</p> <p>1500.00</p> <p>10,000.00</p> <p>2000.00</p>	<p>TM-23 OR TM-24.</p>
29.	<p>On application under section 46(4) for extension of time for registering a company as subsequent proprietor of trade marks on one assignment :-</p> <p>Not exceeding two months</p> <p>Not exceeding four months</p> <p>Not exceeding six months</p>	<p>500.00</p> <p>1000.00</p> <p>1500.00</p>	<p>TM-25</p>
30.	<p>On application under any of the sections 47 or 57 for rectification of the register or removal of a trade mark from the register or cancellation of a registered collective mark or a certification trade mark</p>	<p>3000.00</p>	<p>TM-26</p>
31.	<p>On an application under rule 94 for leave to intervene in proceedings under any of the sections 47 or 57 for rectification of the register or removal of trade mark from the register or under rule 133 or 139 in respect of a collective mark or certification trade mark.</p>	<p>500.00</p>	<p>TM-27</p>
32.	<p>On application under section 49 to register a registered user of a registered trade mark in respect of goods or services within the specification thereof.</p>	<p>5000.00</p>	<p>TM-28</p>

33.	<p>On application under section 49 to register the same registered user of more than one registered trade mark of the same registered proprietor, where all the trade marks are covered by the same registered user agreement in respect of goods or services within the respective specification thereof and subject to the same conditions and restrictions in each case:-</p> <p>For the first mark</p> <p>For every additional mark of the proprietor included in the application, and in the registered user agreement</p>	<p>5000.00</p> <p>3000.00</p>	TM-28
34.	<p>On application under clause (a) of sub-section 1 of section 50 to vary the entry of a registered user of one trade mark where the trade marks are covered by the same registered user in respect of each of them:-</p> <p>For the first mark</p> <p>For every additional mark included in the application</p>	<p>5000.00</p> <p>2500.00</p>	TM-29
35.	<p>On application under clause (b) of sub-section (1) of section 50 for cancellation of the entry of a registered user of one trade mark-</p> <p>Where the application includes more than one trade mark-</p> <p>For the first mark</p> <p>For every additional mark included in the application</p>	<p>2500.00</p> <p>2500.00</p> <p>500.00</p>	TM-30
36.	<p>On application under clause (c) or (d) of sub-section (1) of section 50 to cancel the entry of a registered user of one trade mark:-</p> <p>Where the application includes more than one trade mark:-</p> <p>For the first mark</p> <p>For every additional mark included in the application</p>	<p>5000.00</p> <p>2000.00</p>	TM-31
37.	<p>On notice under rule 90(2 ) of intention to intervene in one proceeding for the variation or cancellation of entries of a registered user of a trade mark</p>	500.00	TM-32

38.	<p>On application under section 58 to change the name or description of a registered proprietor or a registered user of a trade mark:</p> <p>Where there has been no change in the proprietorship or in the identity of the registered user (except where the application is made as a result of an order of a public authority or in consequence of a statutory requirement as per law in India where the application includes more than one trade mark -</p> <p>For the first trade mark</p> <p>For every additional mark included in the application</p>	<p>1000.00</p> <p>1000.00</p> <p>1000.00</p> <p>500.00</p>	TM-33
39.	<p>On application under section 58 to alter an entry of the address of a registered proprietor or of a registered user of a trade mark unless exempted from fee under rule 96(3):</p> <p>Where the application includes more than one trade mark - and where the address in each case is the same and is altered in the same way-</p> <p>For the first entry</p> <p>For every other entry included in the application</p>	<p>500.00</p> <p>500.00</p> <p>200.00</p>	TM-34
40.	<p>On application to make an entry of an address for service in India of a registered proprietor or a registered user of a trade mark-</p> <p>where the application includes more than one trade mark and the address for service to be entered is the same in each case-</p> <p>For the first entry</p> <p>For every other entry included in the application.</p>	<p>500.00</p> <p>500.00</p> <p>200.00</p>	TM-50
41.	<p>On application to alter or substitute an entry of an address for service in India in the register unless exempted from fee under rule 96(3) .</p> <p>Where the application includes more than one trade mark and the address in each case is the same and is altered or substituted in the same way-</p> <p>For the first entry</p> <p>For every other entry included in the application</p>	<p>500.00</p> <p>500.00</p> <p>200.00</p>	TM-50
42.	<p>On application under clause (c) of sub-section (1) of section 58 for canceling the entry or part thereof from the register or under clause (d) to strike out goods or services from the register.</p>	200.00	TM-35 OR TM-36

43.	<p>On application under section 59(1) for leave to add or alter a registered trade mark (except where the application is made as a result of an order of a public authority or in consequence of statutory requirement)-</p> <p>Where the application includes more than one trade mark and the addition or alteration to be made in each case being the same-</p> <p>For the first mark</p> <p>For every other mark included in the application.</p>	<p>2500.00</p> <p>2500.00</p> <p>1000.00</p>	TM-38
44.	On notice of opposition under sub-section (2) of section 59 to an application for leave to add or to alter a registered trade mark for each application opposed	1500.00	TM-39
45.	On application under section 60 for conversion of specification.	1000.00	TM-40
46.	<p>On notice of opposition in each separate class under sub-section 2 of section 60 to a conversion of the specification or specifications of a registered trade mark:</p> <p>For the first mark</p> <p>For every additional mark included in the notice of opposition.</p>	<p>1500.00</p> <p>1500.00</p> <p>700.00</p>	TM-41
47.	<p>On application under section 66 for amendment of the deposited regulations of a collective mark or alteration under section 74(2) for the regulation of a certification trade mark-</p> <p>Where the marks are entered in the register as associated trade marks-</p> <p>For the regulation of one registration.</p> <p>For the same or substantially same regulation of each additional registration proposed to be altered in the same way and included in the same application.</p>	<p>1000.00</p> <p>1000.00</p> <p>200.00</p>	TM-42
48	On application under section 68 to remove the registration of a collective mark or cancel or vary the registration of a certification trade mark under section 77	1000.00	TM-43
49.	Deleted		
50.	On request for the Registrar's preliminary advice under section 133(1) for a trade mark in respect of one class.	1000.00	TM-55
51.	On request for certificate of the Registrar under section 137( other than a certificate under section 23(2)).	500.00	TM-46

52.	On request for certificate of the Registrar [other than certificate under section 23(2)] of the registration of a series of the trade mark under section 15 for each class.	500.00	TM-46
53.	On request for a certified copy of any entry in the register or of any document under section 148(2).	500.00	TM-46
54.	On request to enter in the register and advertise a note of certificate of validity, under rule 124 in respect of one mark in a class	200.00	TM-47
55.	On request, not otherwise charged for correction of a clerical error or for amendment under section 18(4), 22 and 58, except where the request is made as a result of an order of a public authority or in consequence of a statutory requirement as per law in India.	500.00	TM-16
56.	On application for extension of time for a month or part thereof under section 131 [not being a time expressly provided in the Act or prescribed by rule 79 or by rule 80(4)]	500.00	TM-56
57.	On application for review of the Registrar's decision under section 127 (c)	2000.00	TM-57
58.	On petition (not otherwise charged) for obtaining Registrar's order on any interlocutory matter in a contested proceeding.	2500.00	
59.	On request to Registrar for particulars of advertisement of a mark under rule 46.	250.00	TM-58
60	For inspecting the documents mentioned in section 148(1):- relating to any particular trade mark for every hour or part thereof. search of index mentioned in section 148 for every hour or part thereof	200.00  200.00	
61	For copying of documents, (photocopy or typed) for every page or part thereof in excess of one page.	5.00 per page (subject to a minimum of Rs. 5.00)	
62.	On request for a duplicate or further copy of certificate rule 62(3)	500.00	TM-59
63.	On a counter statement in answer to a notice of opposition in respect of a collective trade mark or a certification trade mark under section 64, 66,73 or 77.	1500.00	TM-9
64.	For search and issue of certificate under rule 24(3).	5000.00	TM-60
65.	On application under sub-section (b) of section 25 of Geographical Indications of Goods (Registration and Protection )Act, 1999 to refuse or invalidate the registration of a trade mark which conflicts with or which contains or consists of a geographical indication identifying goods or class or classes of goods notified under sub-section (2) of section 22 of the said Act.	3000.00	TM-74

66.	On application under sub-section (a) of section 25 of Geographical Indications of Goods (Registration and Protection) Act, 1999 to refuse or invalidate the registration of a trade mark containing or consisting of a geographical indicating not originating in the territory of a country or a region or locality in that territory which the geographical indication indicates.	3000.00	TM-73
67.	Notice of intention to attend hearing under section 64, 66, 73 or 77 in respect of a collective mark or in respect of a certification trade mark, as the case may be.	500.00	TM-7
68.	On a request to divide an application or to divide a single application under proviso to section 22.	1000.00 plus appropriate class fee	TM-53
69.	On application under sub-rule 16 of rule 25 towards inclusion of specification of goods or services in excess of five hundred characters at the time of filing of application as excess space fee.	10.00 per character	TM-61
70.	On application under section 43, rule 140(2) for consent of Registrar to the assignment or transmission of certification trade mark.	1000.00	TM-62
71.	On application under rule 38(1) for the expedited examination of an application for the registration of a trade mark.	12,500.00	TM-63
72.	On application under section 63(1) to register a collective mark of a specification of goods or services included in a class from a convention country under section 154(2).	10,000.00	TM-64
73.	On application under section 71 to register a certification trade mark for a specification of goods or services included in class from a convention country under section 154(2).	10,000.00	TM-65
74.	On request for an expedited certificate of the Registrar (other than a certificate under section 23(2) of the Act) or certified copies of documents under proviso to rule 119.	2500.00	TM-7
75.	Deleted		
76.	On request for an expedited search and issuance of a certificate under rule 24(5).	25000.00	TM-72
77.	On application for registration as a trade mark agent under 152.	1000.00	TMA-1
78.	For registration of a person as a trade mark agent under rule 154.	1000.00	

79.	For continuance of the name of a person in the Register of Trade Marks Agents under rule 156:-  For every year (excluding the first year) to be paid on the 1 <sup>st</sup> April, in each year.  For the first year to be paid along with the fee or registration, in the case of a person registered at any time between the 1 <sup>st</sup> April, and 30th September.  N.B. A year for this purpose will commence on the 1 <sup>st</sup> day of April, and end on the 31 <sup>st</sup> day of March following.	1000.00  1000.00	
80.	On application for restoration of the name of a person to the Register of trade marks agents under rule 159.	1000.00 plus continuance fee under entry no. 79.	TMA-2
81.	On application for an alteration of any entry in the Register of Trade Marks Agent under rule 160.	200.00	TMA-3
82.	For each addition to the registered entry of a trade mark that may be associated with a newly registered mark under section 16(1).	500.00	
83.	On a single application under section 18(2) for the registration of a collective mark for different classes of goods or services.	10,000.00 for each class.	TM-66
84.	On a single application under section 18(2) for the registration of a collective mark for different class of goods or services from a convention country.	10,000.00 for each class.	TM-67
85.	On a single application under section 18(2) for the registration of a certification trade mark for different class of goods or services.	10,000.00 for each class.	TM-68
86.	On a single application under section 18(2) for the registration of a certification trade mark for different class of goods or services from a convention country under section 154(2).	10,000.00 for each class.	TM-69
87.	On request for search and issuance of a certificate pursuant to clause (ii) of sub-section (2) of section 20 of the Companies Act, 1956.	5000.00	TM-75

Table 37: The Second Schedule Forms for Trade Marks- List of Forms

Form No	Section	Title Entry	Act No
TM-1	18(1), Rule 25(2)	Application for registration of a trade mark for goods or services (other than a collective mark or a certification trade mark)	1
TM-2	18(1),154(2)	Application for registration of a trade mark from convention country (other than a collective mark or a certification trade mark)	3
TM-3	63(1)	Application for registration of a collective mark	8
TM-4	71(1)	Application for registration of a certification trade mark	9

TM-5	21(1),64, 66, 73	Notice of opposition to an application for registration of a trade mark, collective mark or certification trade mark	12
TM-6	21(2), 47, 57, 59(2)	Form of counter statement	14
TM-7	21, 47, 57, 59, 64,66 73 and 77	Notice of intention to attend hearing.	15
TM-8	15(3)	Application for registration of series trade marks for goods or services in a class or different classes	6
TM-9	64, 66, 73 and 77	Form of counter statement in answer to Notice of Opposition in respect of a collective mark or a certification trade mark	63
TM-10	25(3)	Proviso Payment of surcharge towards renewal of to trade mark, certification trade mark and collective mark	22
TM-12	25	Application for renewal after expiry of last registration of a trade mark/collective mark/certification trade mark	17 to 20
TM-13	25(4)	Application for restoration of a trade mark removed from the register	21
TM-14	16(5)	Application to dissolve association between registered trade mark	16
TM-15	40(1)	rule Request for statement of grounds of decision	11
TM-16	18(4), 22 and 58	Request for correction of clerical error or for amendment rule 41	55
TM-17	40(2),rule 77	Application for the certificate of the Registrar under Section 40(2) with regard to proposed assignment of registered trade mark.	23
TM-18	40(2)	Affidavit in support of statement of case.	rule 68
TM-19	41, Rule 77	Application for approval by the Registrar of aproposed assignment or transmission of trade mark resulting in exclusive rights in different parts of India.	24
TM-20	42, rule 74(1)	Application for directions for advertisement of an assignment of trademarks otherwise than in connection with goodwill of the business.	25
TM-21	42, rule 74(3)	Application for extension of time in which to apply for the Registrar's directions for the advertisement of an assignment of trademarks other than in connection with the goodwill of the business.	26
TM-22	18(1) rule 25(5), 144 and 145	Application to register a textile trade mark (other than a certification trade mark or a collective mark) consisting exclusively of numerals or letters or any combination thereof for a specification of goods or services included in one item of the Fifth Schedule under rule 145	2
TM-23	45	Joint request by registered proprietor and transferee to register the transferee as subsequent proprietor of trade marks upon the same devolution of title.	27,28

TM-24	45, rule 68	Request to register a subsequent proprietor of a trade mark or trademarks upon the same devolution of title.	27,28
TM-25	46(4), rule 79	Application for extension of time for the registration of the name of a company as a subsequent proprietor of a trade mark in the register.	29
TM-26	47, 57	Application for the rectification of the register or the removal of a trade mark from the register.	30, rule 92
TM-27	Rule 94, 133, 139	Application for leave to intervene in proceedings relating to the rectification of the register or the removal of a trade mark from the register or a collective mark or a certification trade mark.	31
TM-28	49, rule 80	Application for registration of registered user	32,33
TM-29	50 (1)(a), rule 87	(a) Application by the registered proprietor of a trade mark for variation of the registered user thereof with regard to the goods or services or the condition or restriction.	34
TM-30	50(1)(b), rule 88(1)	(b) Application by the Registered Proprietor of a trade mark or by any of the registered users of the trade mark for the cancellation of entry of a registered user thereof.	35
TM-31	50(1)(c) or (d), rule 88(1)	(c) Application for cancellation of entry of a or (d) registered user of a trade mark of a trade mark.	36
TM-32	Rule 90(2)	Notice of intention to intervene in proceedings for the variation or cancellation of an entry of a registered user of a trade mark	37
TM-33	58, Rule 91, 97	Request to enter change of name or description of registered proprietor (or registered user of trade mark upon the register).	38
TM-34	58, rule 91, 96, 97	Request for alteration of the address of the principal place of business of residence in India or of the address in the home country abroad in the Register of Trade Marks	39
TM-35	58 (1)(c ), rule 97	Application by registered proprietor of trade mark for the cancellation of entry thereof in the register.	42
TM-36	58(1)(d). rule 97	Application by registered proprietor of trade 42 mark to strike out goods or services from those for which the trade mark is registered	
TM-37	154(2) and 15(3), rule 25(11), 26 and 31	Application in respect of series trade mark from convention countries under section 154(2) 26 & 31 for goods or services in a class or for different classes	7
TM-38	59(1)	Application by registered proprietor under Section 59 for an addition to or alteration of a registered trade mark	43
TM-39	59(2), rule 99(2)	Notice of opposition to application for addition to or alteration of a registered trade mark	44
TM-40	60, Rule 101	Application by the proprietor of a registered trade mark for the conversion of the specification	45
TM-41	60(2), Rule 101(4)	Notice of opposition to proposal for conversion of specification under section 60(2)	46

TM-42	66 or 74(2) rule 132(a), 140	Request for amendment of deposited regulations governing the use of a collective mark or alteration of deposited regulation of a certification trade mark	47
TM-43	68,77 and rules 92, 133,139	Application for removal from the register of a collective mark or to cancel or vary the registration of a certification trade mark.	48
TM-44	21(1) rule 47(6)	rule Application for extension of time for giving notice of opposition to a trade mark	13, 47(6)
TM-45	18(1), 154(2) rule 25(6), 26, 144, and 145	An application to register a textile trade mark (other than a collective mark or certification trade mark) consisting exclusively of numerals or letters or any combination thereof for a specification of goods or services included in one item of the Fifth Schedule from a convention country.	10, 154 (2)
TM-46	137 or 148(2), rule 119 and 120	Request for certificate of the Registrar or certified copies of documents	51 to 53
TM-47	141 rule 124	Request for entry in the register and advertisement of a note of the certificate of validity by the Appellate Board.	54
TM-48	145 and rule 21	Form of Authorisation of Agent in a matter or proceeding under the Act	
TM-49	63, 71 Rule 128(1),135(1)	Regulations for governing the use of a rule 128(5) collective trade mark or a certification trade mark or 135(1)	
TM-50	rule 91,96,97	Form of request by a registered proprietor or a registered user of a trade mark who has no principal place of business in India, to enter, alter or substitute an address for service in India.	40,41
TM-51	18(2), rule 25(9), 103	A single application under section 18(2) for rule 25(9) registration of a trade mark for goods or services in different classes.	5
TM-52	18(2) rule 25(4), 103	A single application u/s 18(2) for registration rule 25(4) of a trade mark from convention country u/s 154(2)	4
TM-53	22 rule 104(1)	Proviso Divisional application to section 22	68
		Deleted	
TM-55	133(1) rule 23	Preliminary advice as to distinctiveness	50
TM-56	131, rule 105	Request for extension of time	56
TM-57	127(c), rule 115	On application for review of Registrar's decision	57
TM-58	rule 46	Application for particulars of advertisement of a trade mark	59
TM-59	rule 62(3)	Application for duplicate or further copy of certificate of registration	62
TM-60	rule 24(3)	Application for search and certificate under Section 45(1) of the Copyright Act, 1957	64
TM-61	rule 25(16)	Application for inclusion of specification of goods or services in excess of five hundred characters	69

TM-62	43, rule 140(2)	Application for the consent of the Registrar to rule 140(2) the assignment or transmission of certification trade mark	70
TM-63	rule 38(1)	Request for expedited examination of an application for the registration of a trade mark under rule 38(1)	71
TM-64	63(1), 154(2), Rule 128(1)	Application to register a collective mark for rule 128(1) a specification of goods or services included in a class from convention country under section 154(2)	72
TM-65	154(2), rule 25(8) (b), 135(1)	Application under section 71 to register a Certification trade mark for a specification of goods or services included in a class from convention country under section 154(2)	73
TM-66	18(2),63(1), rule 25(17(a),103, 128(1).	Single application for registration of a collective trade mark for different classes of goods or services	83
TM-67	18(2), 63(1), 154(2), rule 25(17) (b), 103,128(1)	Single application for registration of a collective trade mark for different classes of goods or services from a convention country under section 154(2)	84
TM-68	18(2), 71	Single application for registration of a certification trade mark for different classes of goods or services	85
TM-69	18(2), 71, 154(2),	Single application for registration of a certification trade mark for different classes of goods or services from a convention country under section 154(2).	86, 71
TM-70	137, 148. Rule 8(2)( c), Provision to rule 119	Request for expedited certificate of the Registrar or certified copies of documents	74
		Deleted	
TM-72	rule 8(2)(c ), 24(5)	Request for expedited search certificate under section 45(1) of the Copyright Act,1957	76
TM-73	Section 25(a), rule 74(2)	Request for refusal or invalidation of registration of a trade mark. The Geographical Indications of Goods (Registration and Protection)Act, 1999 [ See section 25(a) rule 74(2)]	66
TM-74	Section 25(b), rule 75(2)	Request for refusal or invalidation of registration of a trade mark. The Geographical Indications of Goods (Registration and Protection) Act, 1999. [Section 25(b), rule 75(2)	65
TM-75	Rule 32	Request for search and issuance of certificate under rule 32	87
TMA-1	Rule 153	Application for registration as a trade mark agent	77
TMA-2	Rule 159	Application for restoration of the name of person to the register of trade marks agents	80
TMA-3	Rule 160	Application for the alteration of an entry in the Register of Trade Marks Agents.	81

#### 4.8 LABOUR LAWS

Labour law is a body of laws, administrative rulings, and precedents which addresses the legal rights of, and restrictions on, working people and their organizations. As such, it mediates many aspects of the relationship between trade unions, employers and employees. In other words, Labour law defines the rights and obligations

of workers, union members and employers in the workplace. Generally, labour law covers:

Industrial relations – certification of unions, labour-management relations, collective bargaining and unfair labour practices; Workplace health and safety; Employment standards, including general holidays, annual leave, working hours, unfair dismissals, minimum wage, lay off procedures and severance pay.

There are two broad categories of labour law. First, collective labour law which relates to the tripartite relationship between employee, employer and union. Second, individual labour law which is concerned with the employees' rights at work through the contract for work. The labour movement has been instrumental in the enactment of laws protecting labour rights in the 19th and 20th centuries. Labour rights have been integral to the social and economic development since the industrial revolution.

- **Apprentices Act 1961**

**Table 38- Compliance checklist under Apprentices Act 1961**

Sr No	Form and Rule	Rule	Particulars
1	Format 1	Rule 14	Model contract of Apprenticeship Training
2	Format 1A	Rule 14	Intimation of Engagement of Apprentices
3	Format 2	Rule 14	Proforma of work diary
4	Format 3	Rule 14	Application form for trade tests
5	Format 3A	Rule 14	Forwarding of application forms for trade tests
6	Format 4	Rule 14	Eligibility certificate for trade test
7	Form 1 Apprenticeship	Rule 14	Half Yearly returns
8	Form 2 Apprenticeship	Rule 14	Return of engagement of apprentice
9	Form 3 Apprenticeship	Rule 14	Record of progress of apprentice

- **Employees Provident Funds & Misc. Provisions Act, 1952 and Schemes**

**Table 39- Compliance checklist under Employees Provident Funds & Misc. Provisions Act, 1952**

Sr. No	Provision	Compliance	Form
1	Employer and employees PF dues	15 <sup>th</sup> of the following month	Challan No A/c No 1
2	Pension fund	15 <sup>th</sup> of the following month	Challan No A/c No 10
3	Insurance Fund	15 <sup>th</sup> of the following month	Challan No 21
4	Detail of employees	Detail of employees enrolled as members PF fund within 1 month of coverage	Form 9
5	Nomination form	Immediately on joining the fund	Form 2

6	Addition of members	Details of newly enrolled members within 15 days of the following month	Form 5
7	Deletion of members	Detail of members who left service during the month before 21 <sup>st</sup> of the following month	Form 10
8	Details of contribution	Detail of employees and employers contribution –by 25 <sup>th</sup> of following month	Form 12 A
9	Detail of wages and contribution	For each member- By 30 <sup>th</sup> April every year	Form 3A
10	Yearly consolidated statement of contribution	To be forwarded yearly alongwith form 3A	Form 6A
11	Return of ownership of establishment	Within 15 days on coverage and whenever there is a change in ownership	Form 5A
12	Transfer of PF	-	Form 13

- **Employees State Insurance Act, 1948**

**Table 40: Compliance Checklist under the Employees State Insurance Act, 1948**

S No	Section/ Rule	Provision	Compliance	Form
1	-	Registration of factory	Particulars of factory and changes in particulars, if any shall be furnished	Form 1
2	Rule 11	Declaration from all employees	Regarding particulars to be furnished in Form 1	Form 3
3	Rule 14	Declaration forms to be sent to appropriate office	Within 10 days of furnishing of declaration forms	Form 3
4	Rule 15	Allotment of insurance number	On receipt of declaration forms, appropriate office shall allot insurance number and temporary identification certificate for each employee, which employer shall deliver to each employee	-
5	Rule 15	Register of employees	-	Form 6

6	Rule 15 A	Registration of families	Particulars of family of insured shall be furnished by each insured employee which shall be sent to the appropriate office within 10 days of furnishing	Form 1A
7	Rule 17	Identity card	The appropriate office shall issue for each employee	Form 4
8	Rule 26	Return of contributors	Within 42 days of termination of contribution period in quadruplicate	Form 5
9	Rule 31	Time for payment of contribution	Within 21 days of last day of calendar month	-
10		Half yearly return	-	Form 6 A

- **Factories Act, 1948**

**Table 41- Compliance Checklist under the Factories Act, 1948**

Sr. No	Section/ Rule	Provision	Compliance	Form
1	Rule 3A	Approval of Plans	1. Plan of factory building must be approved by the chief inspector 2. No addition/alteration in building can be made unless approved by chief inspector	Form 1A-application for approval of plan
2	Rule 4	Certificate of stability	Neither any manufacturing process shall be carried out in any building nor any machinery shall be added unless a certificate of stability is signed and accepted by the chief inspector	Form 1F-certificate of stability
3	Rule 6	Work rooms of factory	1. Height of work room shall be at least 3.75 meter and approved by the chief inspector 2. Particular of every work room shall be entered in form 1D and shown to the chief inspector if required	Form 1D-Particulars of each workroom of factory

4	Rule 7	Application for registration of factory	Application for registration and licence of factory shall be made to the chief inspector in triplicate.  (license granted under this rule shall be valid for 1 year, or 5 years)	Form no 2- Application for licence and registration of factory
5	Rule 18	Record of white washing etc	Record of white washing, color washing, varnishing etc. shall be entered in a register (whitewashing of every latrine and urinal shall be repeated once in every 4 months)	Form No 7- register under rule 18
6	Rule 58	Register of workers attending machinery	-	Form 7 A
7	Rule 60	Examination of hoists and lifts	A register shall be maintained to record particulars of examination	Form 23
8	Rule 71	Canteen	Canteen shall be provided if there are more than 250 workers accounts of canteen shall be maintained and audited	-
9	Rule 79	Crèches	Factory employing more than 30 women workers	-
10	Rule 110	Muster roll	Muster roll specifying the details of workers	Form 25
11	Rule 94A	Leave with wages register	-	Form 15
12	Rule 95	Leave book	-	Form 15
13	Schedule IX	Cautionary notices	Cautioner notices as to anthrax shall be affixed on the prominent position of factory	-
14	Schedule IX	Protective clothing	Protective clothing like waterproof gloves, footwear, aprons etc. be provided to the workers engaged in processes	-
15	Schedule IX	Medical facilities and record of examinations and tests	Occupier of the factory shall appoint a qualified medical practitioner. Every worker within 15 days of appointment shall be examined by the practitioner and after that at least once in every year	Form 17- Register of every examination shall be maintained

16	Rule 107	Annual return	Before 31st of January each year	Form 21
17	Rule 107	Half yearly return	Before 15th July/15th January	Form 22
18	Rule 110	Attendance Card	-	-
19	Rule 106	Display of notices	Abstract of Rules and Act required to be displayed in every factory	Form 20
20		Welfare officer	For factories employing 500 to 1000 workers	
21	Rule 112	Inspection book	-	Form 35
22	Section 7	Notice of occupier	15 days before joining notice be sent to the chief inspector	-
23	Section 7A(3)	General duties of occupier	Written statement of general policy regarding the health and safety of the worker.	-
24	Section 11	Cleanliness	Whitewash, paint etc shall be carried out every year and the date on which it is carried out shall be entered in a register	
25	Section 40 B	Safety officer	If there are more than 1000 workers	-
26	Section 108	Display of notices	Abstract of rules and act required to be displayed in every factory	Form 20

- **Industrial Disputes Act, 1947**

**Table 42: Compliance Checklist under Industrial Disputes Act, 1947**

Sr. No	Section/Rule	Provision	Compliance	Form
1	Section 3	Work committee	Where 100 or more workers are employed, a work committee representing employers and workmen shall be constituted to secure and preserve amity and good relations.  The representatives of work committee shall be appointed by following the complete procedure or election as laid down under rules	
2	Section 9A	Notice of change	To effect any change in the conditions of service	Form E
3	Rule 56A	Half yearly returns	Not later than 20th day of month following the half year	Form-G-1

4	Rule 74A	Notice of layoff	Notice of lay off shall be given to the workmen on commencement and termination of lay off	Form O-1 and Form O-2
5	Rule 75A	Notice of and application for permission of retrenchment	-	Form PA and Form PB
6	Section 9 C	Grievance settlement authorities	Where 50 or more workmen are employed, Grievance Settlement Authority for the settlement of industrial disputes shall be constituted	-
7	Section 25O	Closure of undertaking	60 days notice to labour authorities and prior permission from Govt. If workers are more than 100	Form QA

- **Payment of Bonus Act 1965**

**Table 43- Compliance checklist under Payment of Bonus Act 1965**

S No	Provisions	Form
1	Register showing computation of allocable surplus u/s 2(4)	Form A
2	Register showing set off and set on of all allocable surplus u/s 15	Form B
3	Register showing complete details of bonus, due and paid to each employee	Form C
4	<b>Annual Return</b> within 30 days from the expiry of time limit for payment of bonus	Form D

- **Payment of Gratuity Act 1972**

**Table 44- Compliance checklist under Payment of Gratuity Act 1972**

Sr. No	Section/Rule	Provision	Compliance	Form
1	Section 4A	Compulsory license	Compulsory insurance towards payment of gratuity from LIC shall be obtained or established approved gratuity fund	-
2	Section 4A(3)	Registration of establishment	-	Form A
3	Section 6	Nomination	Each employee who had completed his one year of service shall make nomination	Form F

4	Section 7	Determination of amount of gratuity	As soon as gratuity becomes payable, employer shall determine the gratuity and shall pay within 30 days of it becoming payable	-
5	Rule 3(1)	Notice of the opening of establishment	Within 30 days of the opening of establishment, notice be submitted to the controlling authority of area	Form A
6	Rule 3(2)	Change of Address	Within 30 days of change of name, address or nature of business notice shall be sent	Form B
7	Rule 4	Display of notice	At the main entrance of factory, a notice in English and Vernacular language, specifying the name of authorised person who will receive notices under this act	
8	Rule 7	Application for Gratuity	Employee shall submit an application to the employer within 30 days of gratuity becoming payable.	Form I, J or K as may be applicable
9	Rule 8	Notice of the payment of Gratuity	Within 15 days of receipt of application, issue notice either in Form L to fix the date of payment or in Form M in case of payment not admissible. Copy of notice shall be endorsed to controlling authority	Form L or Form M
10	Rule 20	Display of the abstract of Act and Rules	At the main entrance in English and in Vernacular language	Form U

- **Payment of Wages Act 1936**

**Table 45- Compliance checklist under Payment of Wages Act 1936**

Sr. No	Section/Rule	Provision	Compliance	Form
1	Section 4	Wage Period	Employer shall fix a wage period not exceeding 1 month for the payment of wages	-
2	Section 5	Time for payment of wages	Within 10 days after the last day of wage period	-
3	Section 13A	Registers and records	Register and records giving particulars of all employees, attendance and wages paid to them. Every register shall be preserved for three years.	-

4	Section 45	Display of Notices	Notice of abstract of Act shall be displayed in English and Vernacular language	-
5	-	Annual Return	By 15 <sup>th</sup> February of next year	Form IV

- **Employees Compensation Act 1923**

**Table 46- Compliance checklist under Employees Compensation Act, 1923**

Sr. No	Section/Rule	Provision	Compliance	Form
1	Section 10B	Report of fatal accidents	-	Form E-E
2	Section 8(1)	-	Furnish statement in case of death and on depositing compensation	Form A
			In other cases, statement be furnished to commissioner	Form AA
			While depositing compensation information be sent to the commissioner, in case of non-fatal accidents	Form D
3	Rule 48	Memorandum of Agreement	On settlement of compensation, memorandum of agreement with workmen shall be executed	Form K, L and M
4	-	Annual Return of compensation	-	-

- **Contract Labour (Regulation and Abolition Act 1970)**

**Table 47- Compliance checklist under Contract Labour (Regulation and Abolition Act, 1970)**

Sr. No	Section/Rule	Provision	Compliance	Form
1	Rule 17 and section 7	Registration of establishment	-	Form I in triplicate
2	Section 8	Licensing of contractors	No work can be undertaken by contract labour unless license is taken. License shall be valid upto 31st December. Renewal of License	Form IV- for application for license Form VII- renewal of License

3	Section 29	Registers and records to be maintained	<ol style="list-style-type: none"> <li>1. Register of contractors</li> <li>2. Register of employment cards</li> <li>3. Muster Roll</li> <li>4. Register of wages</li> <li>5. Register of deductions for damage or loss</li> <li>6. Register of fines</li> <li>7. Register of overtime</li> <li>8. Register of Advances</li> </ol>	<p>Form XII- Register of contractors</p> <p>Form XIII- register of persons employed</p> <p>Form XVI- Muster Roll</p> <p>Form XVII register of wages</p> <p>Form XX- register for deduction for damages</p> <p>Form 21- Register of Fines</p> <p>Form XXII register of advances</p> <p>Form XXIII- Register of Overtime</p>
4	-	Half yearly returns	Within 30 days	Form XXIV

- **Industrial Employment (Standing Orders) Act 1961**

*Object of the Act*

The object of the Act is to provide a uniform standing orders for the matters enumerated in the schedule to the Act and provide a uniform service conditions for those who are employed before and after the standing orders come into force.

The act is applicable to any industry to which the provisions of chapter VII of the Bombay Industrial Relations Act, 1946, apply or to any industrial establishment to which the provisions of the Madhya Pradesh Industrial Employment (Standing Orders) Act, 1961 apply.

However, notwithstanding anything contained in the Madhya Pradesh Industrial Employment (Standing Orders) Act, 1961, the provisions of this act shall apply to all industrial establishments under the control of Central Government.

*Submission of Draft Standing Orders*

- Within six months from the date on which this Act becomes applicable to an industrial establishment, the employer shall submit to the Certifying Officer five copies of the draft standing orders proposed by him for adoption in this industrial establishment.
- Provision shall be made in such draft for every matter set out in the Schedule which may be applicable to the industrial establishment, and where Model standing orders have been prescribed shall be, so far as is practicable, in conformity with such model.
- The draft standing orders submitted under this section shall be accompanied by a statement giving prescribed particulars of the workmen employed in the industrial establishment including the name of the trade union, if any, to which they belong.

- Subject to such conditions as may be prescribed, a group of employers in similar industrial establishments may submit a joint draft of standing orders under this section.

Conditions for certification of standing orders.--Standing orders shall be certifiable under this Act if –

- provision is made therein for every matter set out in the Schedule which is applicable to the industrial establishment, and
- the standing orders are otherwise in conformity with the provisions of this Act ; and it shall be the function of the Certifying Officer or appellate authority to adjudicate upon the fairness or reasonableness of the provisions of any standing orders.

#### *Certification of standing orders*

- On receipt of the draft under Section 3, the Certifying Officer shall forward a copy thereof to the trade union, if any, of the workmen, or where there is no such trade union, if any, of the workmen or where there is no trade union, to the workmen in such manner as may be prescribed, together with a notice in the prescribed form requiring objections, if any, which the workmen may desire to make to the draft standing orders to be submitted to him within fifteen days from the receipt of the notice.
- After giving the employer and the trade union or such other representatives of the workmen as may be prescribed an opportunity of being heard, the Certifying Officer shall decide whether or not any modification of or addition to the draft submitted by the employer is necessary to render the draft standing orders certifiable under this Act, and shall make an order in writing accordingly.
- The Certifying Officer shall thereupon certify the draft standing orders, after making any modifications therein which his order under sub-section (2) may require, and shall within seven days thereafter send copies of the certified standing orders authenticated in the prescribed manner and of his order under above sub-section to the employer and to the trade union or other prescribed representatives of the workmen.

#### *Appeals*

- Any employer, workmen, trade union or other prescribed representatives of the workmen aggrieved by the order of the Certifying Officer under sub-section (2) of Section 5 may, within [thirty days] from the date on which copies are sent under sub-section (3) of that section, appeal to the appellate authority, and the appellate authority, whose decision shall be final, shall by order in writing confirm the standing orders either in the form certified by the Certifying Officer or after amending the said standing orders by making such modifications thereof or additions there to as it thinks necessary to render the standing orders certifiable under this Act.
- The appellate authority shall, within seven days of its order under sub-section (1) send copies thereof to the Certifying Officer, to the employer and to the trade union or other prescribed representatives of the workmen, accompanied, unless it has confirmed without amendment the standing orders as certified by the Certifying Officer, by copies of the standing orders as certified by it and authenticated in the prescribed manner.

#### *Date of operation of standing orders*

Standing orders shall, unless an appeal is preferred under Section 6, come into operation on the expiry of thirty days from the date on which authenticated copies thereof are sent under sub-section (3) of

Section 5, or where an appeal as aforesaid is preferred, on the expiry of seven days from the date on which copies of the order of the appellate authority are sent under sub-section (2) of Section 6.

*Register of standing orders*

A copy of all standing orders as finally certified under this Act shall be filed by the Certifying Officer in a register in the prescribed form maintained for the purpose, and the Certifying Officer shall furnish a copy thereof to any person applying there for on payment of the prescribed fee.

*Posting of standing orders—*

The text of the standing orders as finally certified under this Act shall be prominently posted by the employer in English and in the language understood by the majority of his workmen on special boards to be maintained for the purpose at or near the entrance through which the majority of the workmen enter the industrial establishment and in all departments thereof where the workmen are employed.

*Duration and modification of standing orders*

Standing orders finally certified under this Act shall not, except on agreement between the employer and the workmen or a trade union or other representative body of the workmen be liable to modification until the expiry of six months from the date on which the standing orders or the last modifications thereof came into operation.

Subject to the provisions of mentioned above, an employer or workman or a trade union or other representative body of the workmen may apply to the Certifying Officer to have the standing orders modified, and such application shall be accompanied by five copies of the modifications proposed to be made, and where such modifications are proposed to be made by agreement between the employer and the workmen or a trade union or other representative body of the workmen, a certified copy of that agreement shall be filed along with the application. The foregoing provisions of this Act shall apply in respect of an application as they apply to the certification of the first standing orders. The provisions of section shall not apply to an industrial establishment in respect of which the appropriate Government is the Government of the State of Gujarat or the Government of the State of Maharashtra.

*Payment of subsistence allowance*

- Where any workman is suspended by the employer pending investigation or inquiry into complaints or charges of misconduct against him, the employer shall pay to such workman subsistence allowance-
  - (a) at the rate of fifty per cent of the wages which workman was entitled to immediately preceding the date of such suspension, for the first ninety days of suspension; and
  - (b) at the rate of seventy-five per cent of such wages for the remaining period of suspension if the delay in the completion of disciplinary proceedings against such workman is not directly attributable to the conduct of such workman.
- If any dispute arises regarding the subsistence allowance payable to a workman under sub-section (1), the workman or the employer concerned may refer the dispute to the Labour Court, constituted under the Industrial Disputes Act, 1947 (14 of 1947), within the local limits of whose jurisdiction the industrial establishment wherein such workman is employed is situated and the Labour Court to which the dispute is so referred shall, after giving the parties an opportunity of being heard, decides the dispute and such decision shall be final and binding on the parties.

- Notwithstanding anything contained in the foregoing provisions of this section, where provisions relating to payment of subsistence allowance under any other law for the time being in force in any State are more beneficial than the provisions of this section, the provisions of such other law shall be applicable to the payment of subsistence allowance in that State.

*Certifying Officers and appellate authorities to have powers of Civil Court*

Every Certifying Officer and appellate authority shall have all the powers of a Civil Court for the purposes of receiving evidence, administering oaths, enforcing the attendance of witnesses, and compelling the discovery and production of documents, and shall be deemed to be a Civil Court within the meaning of [Sections 345 and 346 of the Code of Criminal Procedure, 1973 (2 of 1974) (2) Clerical or arithmetical mistakes in any order passed by a Certifying officer or appellate authority, or errors arising therein from any accidental slip or omission may, at any time, be corrected by that Officer or authority or the successor in office of such officer or authority, as the case may be.

*Oral evidence in contradiction of standing orders not admissible—*

No oral evidence having the effect of adding to or otherwise varying or contradicting standing orders finally certified under this Act shall be admitted in any Court.

*Temporary application of model standing orders—*

- Notwithstanding anything contained in Sections 12, for the period commencing on the date on which this Act becomes applicable to an industrial establishment and ending with the date on which the standing orders as finally certified under this Act come into operation under Section 7 in that establishment, the prescribed model standing orders shall be deemed to be adopted in that establishment, and the provisions of Section 9, sub-section (2) of Section 13 and Section 13-A shall apply to such model standing orders as they apply to the standing orders so certified.
- Nothing contained in sub-section (1) shall apply to an industrial establishment in respect of which the appropriate Government is the Government of the State of Gujarat or the Government of the State of Maharashtra.
- Section 12-A.—Where there are two categories of workmen, one in respect of the daily rated workmen and the other in respect of the monthly rated workmen, if there are certified standing orders in respect of the daily rated workers only, the prescribed model standing orders should be deemed to have been adopted for those who are employed on the monthly basis until such categories have their own certified standing orders,

*Penalties and procedure—*

- An employer who fails to submit draft standing orders as required by Section 3 or who modifies his standing orders otherwise than in accordance with Section 10, shall be punishable with fine which may extend to five thousand rupees, and in the case of a continuing offence with a further fine which may extend to two hundred rupees a day after the first day during which the offence continues.
- An employer who does any act in contravention of the standing orders finally certified under this Act for his industrial establishment shall be punishable with fine which may extend to one hundred rupees, and in the case of a continuing offence with a further fine which may extend to twenty-five rupees for a day after the first day during which the offence continues.

- No prosecution for an offence punishable under this section shall be instituted except with the previous sanction of the appropriate Government.
- No Court inferior to that of a Metropolitan or Judicial Magistrate of the second class shall try any offence under this section.

*Interpretation, etc., of standing orders –*

If any question arises as to the application or interpretation of a standing order certified under this Act, any employer or workman or a trade union or other representative body of the workmen may refer the question to any one of the Labour Courts constituted under the Industrial Disputes Act, 1947, and specified for the disposal of such proceeding by the appropriate Government by notification in the Official Gazette, and the Labour Court to which the question is so referred shall, after giving the parties an opportunity of being heard, decide the question and such decision shall be final and binding on the parties.

*Act not to apply to certain industrial establishments –*

Nothing in this Act shall apply to an industrial establishment in so far as the workmen employed therein are persons to whom the Fundamental and Supplementary Rules, Civil Services (Classification, Control and Appeal) Rules, Civil Services (Temporary Service) Rules, Revised Leave Rules, Civil Service Regulations, Civilians in Defense Service (Classification, Control and Appeal) Rules or the Indian Railway Establishment Code or any other rules or regulations that may be notified in this behalf by the appropriate Government in the Official Gazette, apply.

*Power of exempt –*

The appropriate Government may by notification in the Official Gazette exempt, conditionally or unconditionally any industrial establishment or class of industrial establishments from all or any of the provisions of this Act.

*Delegation of powers*

The appropriate Government may by notification in the Official Gazette, direct that any power exercisable by it under this Act or any rules made thereunder shall, in relation to such matters and subject to such conditions, if any, as may be specified in the direction, be exercisable also-

- Where the appropriate Government is the Central Government, by such officer or authority subordinate to the Central Government or by the State Government, or by such officer or authority subordinate to the State Government, as may be specified in the notification;
- where the appropriate Government is a State Government, by such officer or authority subordinate to the State Government, as may be specified in the notification.

*Power to make rules*

- The appropriate Government may after previous publication, by notification in the Official Gazette, make rules to carry out the purposes of this Act.
- In particular and without prejudice to the generality of the foregoing power, such rules may –
  - a) prescribe additional matters to be included in the Schedule, and the procedure to be followed in modifying standing orders certified under this Act in accordance with any such addition;

- b) set out model standing orders for the purposes of this Act;
  - c) prescribe the procedure of Certifying Officers and appellate authorities;
  - d) Prescribe the fee which may be charged for copies of standing orders entered in the register of standing orders;
  - e) provide for any other matter which is to be or may be prescribed; provided that before any rules are made under clause (a) representatives of both employers and workmen shall be consulted by the appropriate Government.
- Every rule made by the Central Government under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be ; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**Table 48- List of Forms and Schedules under Industrial Employment (Standing Orders) Act 1961**

Schedule I	Model standing orders in respect of Industrial Establishment not being Industrial Establishment in Coal Mines
Schedule IA	Model Standing Orders for Industrial Establishments in Coal Mines
Schedule I B	Model Standing Orders on additional items
Schedule II	
Form I	Format of letter with which draft Standing Orders are required to be submitted to the certifying officer
Form II	Notice under section 5 of the Industrial Employment (Standing Orders) Act, 1946
Form III	Register of Standing Orders
Form IV	Memorandum of Appeal
Form IV A	Notice of discontinuance/restarting of a shift working to be given by an employer
Form V	Service Card

**Table 49- Compliance checklist under Industrial Employment (Standing Orders) Act 1961**

S No	Section/Rule	Provision	Compliance	Form
1	Section 3	Submission of draft standing orders	Employer shall submit 5 copies of draft standing orders to the certifying officer (i.e. Labour Commissioner).	Form I

2	Section 9	Posting of standing orders	The certified standing orders should be displayed in English language or in the language understood by majority of workmen on a notice board at or near the entrance of the establishment.	-
---	-----------	----------------------------	--	---

- **Maternity Benefit Act 1961**

**Table 50- Compliance checklist under Maternity Benefit Act 1961**

Sr. No.	Section/Rule	Provision	Compliance	Form
1	Section 5	Maternity benefit	At the rate of average daily wages for the period of her actual absence and including the day of delivery and 6 weeks immediately following that day.	
2	Rule 3	Muster Roll	The employer of every establishment in which women are employed shall prepare and maintain a muster roll.	Form A
3	Rule 4 read with section 6	Notice of maternity benefit by the women employee	-	Form B
4	Rule 4(4)	Proof	Proof of pregnancy, delivery of child or miscarriage.	Form C
5	Section 11	Nursing break	Nursing break shall be provided to the woman after she returns on work post delivery till the child attains the age of 15 months.	-
6	Section 19	Display of notice	An abstract of Act and rules shall be displayed in vernacular language at all places where women are employed.	Form K
7	Rule 13	Supply of Forms	Employer shall supply to every woman employed by him at her request free of cost Form B,C,D,E,F,G,H and Form L.	
8	Rule 16 read with Section 28(2)	Annual return	On or before 21st day of January	Form L,M,N and O

### OTHER FORMS

Form D- Certificate registered by Midwife

Form E- Certificate by Medical practitioner in case of death of an employee

Form F- Receipt of Maternity benefit

Form G & H- Letter to competent authority by the employee on being deprived of maternity benefit by the employer

Form I- Letter to competent authority by the nominee on being deprived of maternity benefit

Form J- A letter to the authority by the employer stating non entitlement of material benefit of employee

- **Trade Union Act 1926**

**Table 51- Compliance checklist under Trade Union Act, 1926**

Sr. No	Section/Rule	Provision	Compliance	Form
1	Section 5	Application for registration	Application shall be made with the Registrar of Trade Union accompanied with rules of trade Union and a statement giving complete details of the Trade Union.	Form A
2	Section 12	Registered office	Trade union shall have a registered office and may change address of registered office with an intimation to the Registrar.	-
3	Section 28	Annual Return	Return of all receipts and expenditures and assets and liabilities for the year ended 31st December shall be sent to Registrar.	Form D

- **Equal Remuneration Act 1976**

**Table 52- Compliance checklist under Equal Remuneration Act 1976**

Sr. No	Section/Rule	Provision	Compliance	Form
1	Section 4	Duty of employer	Employer shall pay equal remuneration to men and women for same work or work of similar nature.	-
2	Section 5	No discrimination while recruitment	No employer shall, while making recruitment for the same work or work of a similar nature, make any discrimination against women except where the employment of women in such a work is prohibited or restricted by or under any law.	-

3	Section 8	Duty of employers to maintain register	Every employer shall maintain registers in relation to the workers employed by him.	Form D
---	-----------	--	---	--------

#### 4.9 LABOUR LAWS (EXEMPTION FROM FURNISHING RETURNS AND MAINTAINANCE OF REGISTERS)

##### Objects:

To provide an exemption to employers in relation to establishments employing a small number of persons from furnishing returns and maintaining registers under certain labour laws.

##### Applicability:

Applicable only for small and very small establishments.

##### Important Definitions:

**Small establishment** means establishment not more than nineteen persons are employed.

**Very small establishment** means establishment in which less than 10 persons are employed.

**Table 53- Monthly Checklist for Statutory Returns under Various Labour Laws**

Month and last date	Name of the statute	Name of return	Form
<b>January</b>			
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5, 10 & 12A
15	Factories Act 1948	Half yearly return	Form 22
20	Industrial Disputes Act 1947	Half yearly return	Form G-I
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
21	Maternity Benefit Act	Annual Return	Form L,M,N and O
30	The Contract Labour( Restriction and Abolition) Act, 1970	Half yearly return by contractor	Form XXIV
31	National and festival holidays Act, 1963	Annual Return	Form V
31	Factories Act 1948	Annual Return	Form 21
<b>February</b>			
1	Minimum Wages act 1948	Annual Return	Form III
15	Payment of Wages act 1936	Annual Return	Form IV
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans

15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
<b>March</b>			
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
<b>April</b>			
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
30	Employees Provident Fund Act 1952	Annual individual return & yearly consolidated statement of contribution	Form 3A and Form 6A
<b>May</b>			
12	Employees State Insurance Act 1948	Summary of contribution in quadruplicate	Form 5
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
<b>June</b>			
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
<b>July</b>			

15	Factories Act 1948	Half yearly return	Form 22
15	The Contract Labour( Restriction and Abolition) Act, 1970	Half yearly return	Form XXIV
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
20	Industrial Disputes Act 1947	Half yearly return	Form G-I
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
<b>August</b>			
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
<b>September</b>			
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
<b>October</b>			
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
30	Factories Act 1948	Application for renewal of license	Form 3
31	Contract Labour (R&A) Act 1970	Application for Renewal of License	Form VII
<b>November</b>			
12	Employees State Insurance Act 1948	Summary of contribution in quadruplicate	Form 5

15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
<b>December</b>			
15	Employees Provident Fund Act 1952	Monthly remittance of contribution to SBI	Challans
15	Employees Provident Fund Act 1952	Monthly return of employees qualifying/leaving & monthly remittance statement	Form 5,10 & 12A
21	Employees State Insurance Act 1948	Monthly remittance of contribution to SBI	Challans
30	Payment of Bonus Act	Annual Return	Form D

#### 4.10 TAX LAWS

A tax may be defined as a "pecuniary burden laid upon individuals or property owners to support the Government, a payment exacted by legislative authority. A tax "is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority". Taxes consist of direct taxes or indirect taxes, and may be paid in money or as its labour equivalent (often but not always unpaid labour). India has a well developed taxation structure. The tax system in India is mainly a three tier system which is based between the Central, State Governments and the local government organizations. In most cases, these local bodies include the local councils and the municipalities. According to the Constitution of India, the Government has the right to levy taxes on individuals and organizations. However, the constitution states that no one has the right to levy or charge taxes except the authority of law. Whatever tax is being charged has to be backed by the law passed by the Legislature or the Parliament. Article 246 (SEVENTH SCHEDULE) of the Indian Constitution, distributes legislative powers including taxation, between the Parliament and the State Legislature. Schedule VII enumerates these subject matters with the use of three lists;

- List - I entailing the areas on which only the parliament is competent to makes laws,
- List - II entailing the areas on which only the state legislature can make laws, and
- List - III listing the areas on which both the Parliament and the State Legislature can make laws upon concurrently.

Table 54- Compliance under Income Tax Act 1961

Section	Nature of compliance	Limitation of time
(1)	(2)	(3)
9A(5)	<p>Section 9A provides that fund management activity carried out by an eligible offshore investment fund through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India (subject to certain conditions).</p> <p>The provision requires that eligible investment fund shall furnish a statement, in respect of its activities in a financial year, in Form No. 3CEK containing information relating to fulfilment of specified conditions and such other information or documents as may be prescribed.</p>	Within 90 days from the end of the financial year
10(23C)	Making an order accepting/rejecting application made under first proviso for grant of exemption under sub-clause (iv)/(v)/(vi)/(via). Making application under fourteenth proviso to section 10(23C) to designated authority by educational/medical institutions, etc., referred to in section 10(23C)(iv)/(v)/(vi)/(via).	<p>Within 12 months from end of month in which application was received</p> <p>On or before 30th September of relevant assessment year</p>
10A(8)	Furnishing declaration by assessee in respect of industrial undertaking in any free trade zone for not availing tax holiday under section 10A	Before due date for furnishing return of income under section 139(1)
10B(8)	Furnishing declaration by assessee in respect of 100 per cent export-oriented undertaking for not availing tax holiday under section 10B	Before due date for furnishing return of income under section 139(1)
10C(6)	Furnishing declaration by assessee in respect of certain industrial undertakings in North Eastern Region for not availing tax holiday under section 10C	Before due date for furnishing return of income under section 139(1)
12A(1)(aa)	Filing application for registration of trust or institution for purposes of section 11	Application on or after 1-6-2007 shall be made in Form No. 10A and manner to the Principal Commissioner or Commissioner and the provisions of section 11 and section 12 shall apply in relation to the income of such trust or institution from the assessment year immediately following the financial year in which such application is made.
12AA	Passing an order granting or refusing registration of trust	Within 6 months from the end of the month in which application was received u/s 12A(1)(aa) or 12A(1)(ab)

35	Order accepting/rejecting application made under first proviso to section 35(1) for grant of approval under section 35(1)(ii)/(iii)	Within 12 months from end of month in which such application was received
44AB	Getting accounts audited by accountant and furnishing report	Due date for furnishing the return of income under section 139(1)
80QQB	Receiving or bringing into India in convertible foreign exchange, income by way of royalty or copyright fees, earned outside India	Within 6 months from the end of the previous year or such extended period as the Competent Authority may allow in this behalf
80RRB	Receiving or bringing into India in convertible foreign exchange, income by way of royalty on patents, earned outside India	Within 6 months from the end of the previous year or such extended period as the Competent Authority may allow in this behalf
92CA(3A)	Passing of order u/s 92CA(3) by Transfer Pricing Officer	At least sixty days before the period of limitation referred to in section 153 or section 153B, as the case may be, for making the order of assessment or reassessment or recomputation, or fresh assessment, expires.  <i>Note :</i>  If time available with TPO for making an order is less than sixty days, after excluding the time <ul style="list-style-type: none"> <li>- for which assessment proceedings are stayed or</li> <li>- taken for receipt of information from foreign jurisdiction,</li> </ul> Then such remaining period shall be extended to 60 days. [Inserted by the Finance Act, 2016 w.e.f 1-6-2016]
92CD(1)	Submission of modified return in accordance with and limited to advance pricing agreement	Within 3 months from the end of the month in which advance price agreement was entered
92CD(5)(a)	Passing assessment/reassessment/recomputation order under section 92CD(3) in respect of modified return	Within 1 year from the end of the financial year in which modified return is furnished
92D	Furnishing information/documents required by revenue authorities	Within a period of 30 days from the date of receipt of a notice issued in this regard, and such period may be extended by a further period not exceeding 30 days
92E	Furnishing report of accountant in FORM NO. 3CEB	30th November of relevant assessment year
115BA	Option to opt for concessional tax rate of 25% by certain domestic companies	On or before the due date of furnishing return of income under section 139(1)

115-O(3)	Deposit of tax on distributed profits of domestic companies	Within 14 days from date of declaration, distribution or payment of dividends whichever is earlier
115QA(3)	Deposit of tax to the credit of Government in case of distributed income of domestic company for buy-back of shares	Within 14 days from date of payment of any consideration to the shareholder on buy-back of shares
115R(3)	Deposit of tax on distributed income of UTI/ Mutual Fund	Within 14 days from the date of distribution or payment of income, whichever is earlier
115TA(2)	Deposit of tax to credit of Government in case of income distributed by securitization trust	Within 14 days from the date of distribution or payment of such income, whichever is earlier
115TD	Payment of tax on accreted income of trust [Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]	<p>Within 14 days from:</p> <p>a) The date on which –</p> <ul style="list-style-type: none"> <li>– Period for filing appeal under Section 253 against order cancelling / rejecting registration expires and no appeal has been filed by trust;</li> <li>– The order, confirming the cancellation of registration of application, is received by trust;</li> </ul> <p>b) The end of the previous year in a case</p> <ul style="list-style-type: none"> <li>– where trust has modified its objects which do not conform to the conditions of registration, and</li> <li>– it has not applied for fresh registration;</li> </ul> <p>c) The date of merger of trust [ if its merger is with any entity other than an entity which is a trust or institution having objects similar to it and registered under Section 12AA]</p> <p>d) The date on which the period of twelve months expires [As specified under Section 115TD(1)(c) for transfer of assets on dissolution of trust]</p>

115U(2)	Person responsible for making payment of income on behalf of venture capital company/fund and venture capital company/fund to furnish to person receiving such income and to prescribed income-tax authority, statement in prescribed form and verified in prescribed manner, giving details of nature of income paid or credited during the previous year and such other relevant details as may be prescribed	30th November of financial year following previous year during which such income is paid or credited
115UA	Any person responsible for making payment of income distributed on behalf of a business trust to a unit holder shall furnish a statement to the principal Commissioner of Income-tax or Commissioner of Income-tax in Form No. 64A, giving details of income distributed during the year.  Any person responsible for making payment of income distributed on behalf of a business trust to a unit holder shall furnish a statement to this effect to the unit holder in Form No. 64B.	On or before 30th November of financial year following the year following which such income is distributed  On or before 30th June of financial year following the year during which such income is distributed
115UB(7)	Person responsible for crediting or making payment of the income on behalf of an investment fund and the investment fund shall furnish, to the person who is liable to tax in respect of such income and to the prescribed income-tax authority, a statement in the prescribed form and verified in such manner, giving details of the nature of the income paid or credited during the previous year and such other relevant details, as may be prescribed.	Within such time as may be prescribed
115VP	Opting for Tonnage Tax System (TTS) <ul style="list-style-type: none"> <li>- Existing qualifying company</li> <li>- Company incorporated after 1-1-2005 and being a qualifying company</li> <li>- Existing company which becomes a qualifying company after 1-1-2005</li> </ul>	Between 1-10-2004 and 31-12-2004  Within 3 months of incorporation  Within 3 months of it becoming a qualifying company
115VP(4)	Joint Commissioner passing order under sub-section (4) of section 115VP	Within one month from end of month in which application under section 115VP(1) was received

115WD(1)2	Filing return of fringe benefits <ul style="list-style-type: none"> <li>- by company/person whose accounts are to be audited</li> <li>- by other employers</li> </ul>	On or before 30th September of relevant assessment year On or before 31st July of relevant assessment year
115WE(1)2	Sending intimation u/s 115WE(1)	Before expiry of 1 year from end of financial year in which return is made
115WE(2)2	Notice for scrutiny assessment	Before the expiry of 6 months from the end of financial year in which return is furnished
124(3)	Challenging Assessing Officer's jurisdiction	Where a return is made under section 139(1), before expiry of 1 month from the date on which a notice under section 142(1) or 143(2) is served or before the completion of assessment, whichever is earlier  Where no return is made before the expiry of time allowed by notice under section 142(1) or under section 148 for making the return or under section 144 for showing the cause why best judgment assessment should not be made, whichever is earlier.  Where an action has been taken under section 132 or section 132A, after the expiry of one month from the date on which he was served with a notice under sub-section (1) of section 153A or sub-section (2) of section 153C or after the completion of the assessment, whichever is earlier.
131(3)	Retention of impounded books or documents by Assessing Officer/Assistant Director without obtaining approval of Chief Commissioner/Director General/Commissioner/Director/Principal Chief Commissioner/Principal Director General/Principal Commissioner/Principal Director	Not more than 15 days (exclusive of holidays)
132(8)	Retaining books of account or other documents seized under section 132(1) or 132(1A) by authorised officer without approval of Chief Commissioner/Commissioner/Director General or Director/Principal Chief Commissioner/Principal Director General/Principal Commissioner/Principal Director	Not more than 180 days [30 days from the date of assessment order under section 153A or section 158BC(c)]
132(8A)	Period for which order passed under section 132(3) to remain in force	60 days from the date of order

132(9A)	Handing over of books, etc., to ITO having jurisdiction	60 days from the date on which the last authorisations for search was executed
132B(1)	Release of assets seized after recovery of existing liability	Within 120 days from the date on which last of the authorisations/requisitions under section 132/132A was executed
132B(1), first proviso	Making application to Assessing Officer for release of asset explaining the nature and source of acquisition of asset	Within 30 days from end of the month in which asset was seized
133A(3)	Retention by the income-tax authority of impounded books of account, documents without the approval of the Chief Commissioner/Director General/Principal Chief Commissioner/Principal Director General	Not more than 15 days (exclusive of holidays)
139(1)	<p>(a) Filing of return by any company other than covered in (c) below</p> <p>(b) Filing return of income by any non-corporate assessee other than covered in (c) below :</p> <ul style="list-style-type: none"> <li>• in the case where accounts are to be audited or where accounts of the firm in which assessee is a working partner are required to be audited</li> <li>• in the case of a co-operative society</li> <li>• in other cases</li> </ul> <p>(c) Filing of return where an assessee (corporate/non-corporate) is required to furnish a report in Form No. 3CEB under section 92E.</p>	<p>September 30 of the assessment year</p> <p>September 30 of relevant assessment year</p> <p>September 30 of relevant assessment year</p> <p>July 31 of relevant assessment year</p> <p>November 30 of the assessment year</p>
139(3)	Filing of return of loss	Within the time allowed under section 139(1)
139(4)	Filing belated return of income	Before the end of the relevant assessment year or before the completion of assessment, whichever is earlier
139(4A)	Filing return by every person receiving income in respect of which he is assessable as a representative assessee from property held under trust/legal obligation wholly or partly for charitable or religious purposes, etc., if total income exceeds maximum amount not chargeable to tax	Within time allowed under section 139(1)
139(4B)	Filing of return by every political party by its chief executive officer	Within time allowed under section 139(1)

139(4C)	<p>Filing of return by every:</p> <ul style="list-style-type: none"> <li>(a) Research association as referred to in section 10(21);</li> <li>(b) News agency as referred to in section 10(22B);</li> <li>(c) Association or institution as referred to in section 10(23A);</li> <li>(ca) Person referred to in clause (23AAA) of section 10;</li> <li>(d) Institutions as referred to in section 10(23B);</li> <li>(e) Fund/institution/trust/university/other educational institution/medical institution as referred to in sub-clause (iiia), (iiiae), (iv), (v), (vi) or (via) of section 10(23C);</li> <li>(ea) Mutual Fund referred to in section 10(23D);</li> <li>(eb) securitisation trust referred to in section 10 (23DA);</li> <li>(eba) Investor Protection Fund referred to in section 10(23EC) or (23ED);</li> <li>(ebb) Core Settlement Guarantee Fund referred to in section 10 (23EE);</li> <li>(ec) venture capital company or venture capital fund referred to in section 10 (23FB);</li> <li>(f) Trade union/association referred to in sub-clause (a) or (b) of section 10(24),</li> <li>(fa) Board or Authority referred to in section 10 (29A);</li> <li>(g) Body/trust/authority as referred to in section 10(46);</li> </ul>	Within time allowed under section 139(1)
	<ul style="list-style-type: none"> <li>(h) Infrastructure debt fund as referred to in section 10(47)</li> </ul> <p>if total income without giving effect to the provisions of section 10 exceeds the maximum amount not chargeable to tax.</p>	

139(4D)	Filing return by every university, college or other institution referred to in section 35(1)(ii) and 35(1)(iii) which is not required to furnish return of income or loss under any other provisions.	Within time allowed under section 139(1)
139(4E)	Every business trust, which is not required to furnish return of income or loss under any other provisions of section 139(1), shall furnish its return of income.	Within time allowed under section 139(1)
139(4F)	An investment fund as referred to in section 115UB, which is not required to furnish return of income or loss under any other provisions of section 139(1), shall furnish its return of income.	Within time allowed under section 139(1)
139(5)	Filing revised return	Within 1 year from the end of the relevant assessment year or before the completion of assessment, whichever is earlier
139(9)	Rectifying defect in return of income	Within 15 days from the date of intimation by Assessing Officer or the extended time
139A	Filing application for allotment of permanent account number	See rule 114(3)
140A(1)	(i) Payment of income-tax on self-assessment	Before furnishing return of income
	(ii) Payment of interest on tax due for filing belated return or default or delay in payment of advance tax	Before furnishing return of income
142(1)(i)	Where a person has not made a return of income before the end of the relevant assessment year, the Assessing Officer may serve a notice requiring him to furnish return of income.	After the end of relevant assessment year
	Notice referred to above served after the end of the relevant assessment year commencing on or after 1st April, 1990 shall be deemed to be a notice served in accordance with the provisions of the Act.	
142A(6)	Sending report by the Valuation Officer to the Assessing Officer	Within 6 months from the end of the month in which a reference is made by the Assessing Officer under section 142A(1)
143(1)	Sending intimation under section 143(1)	Before expiry of 1 year from the end of financial year in which the return is made
143(2)(ii)	Serving notice in case of understatement of income or under payment of tax for hearing for regular assessment/limited scrutiny assessment	Before expiry of 6 months from the end of financial year in which the return is furnished

144BA(2)	Furnishing objection by assessee to the notice of invoking GAAR provisions by Principal Commissioner/Commissioner (applicable from 1-4-2018)	Within such period (but not exceeding 60 days) as specified in the notice
144BA(13)	Issuing direction by Approving Penal under section 144BA(6) in respect of the declaration of an agreement as an impermissible avoidance arrangement under Chapter X-A (applicable from 1-4-2018)	Within 6 months from the end of the month in which the reference under section 144BA(4) was received from the Principal Commissioner/Commissioner
144C(2)	Filing of response by eligible assessee by (a) acceptance of variations to Assessing Officer, or (b) filing his objections, if any, to such variation with the Dispute Resolution Panel and the Assessing Officer	Within 30 days of receipt by assessee of the draft order
144C(4)	Passing of assessment order under section 144C(3)	Within one month from the end of month in which acceptance is received or period of filing objections under section 144C(2) expires
144C(12)	Issue of directions under section 144C(5)	Within 9 months from the end of month in which draft order is forwarded to eligible assessee
144C(13)	Completion of assessment on receipt of directions issued under section 144C(5)	Within one month from the end of month in which such direction is received
147	Reassessment where assessment has been made under section 143(3) or 147	Within 4 years from the end of relevant assessment year [unless escapement of income is because of assessee's failure to file return under section 139 or in pursuance of notice under section 142(1) or 148 or to disclose fully and truly all material facts or unless escapement of income is in relation to any asset located outside India]
149(1)	Issuing notice under section 148 in cases subjected to scrutiny by way of assessment under section 143(3) or 147 :	
	If the escaped income –	
	(i) is less than Rs. 1,00,000	Within 4 years from the end of relevant assessment year
	(ii) is Rs. 1,00,000 or more	Within 6 years from the end of relevant assessment year
	(iii) is in relation to any asset (including financial interest in any entity) located outside India	Within 16 years from the end of relevant assessment year
149(3)	Issuing notice under section 148 to person who has been treated as agent of non-resident under section 163	Within 6 years from the end of relevant assessment year

150	<p>Issuing notice under section 148 for assessment/reassessment/recomputation pursuant to any finding or direction in an order passed :</p> <p>(i) by any authority in any proceeding under Income-tax Act in appeal/reference/revision</p> <p>(ii) by a court in any proceeding under any other law</p>	No time limit
153(1)	Passing assessment order under section 143 or 144	<p>Within 21 months from the end of the assessment year in which income was first assessable. [Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]</p> <p>Note: If reference is made to TPO, the period available for assessment shall be extended by 12 months.</p>
153(2)	Making assessment/reassessment, etc., under section 147	<p>Within 9 months from the end of the financial year in which notice under section 148 was served. [Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]</p> <p>Note: If reference is made to TPO, the period available for reassessment shall be extended by 12 months.</p>
153(3)	<p>An order of fresh assessment in pursuance of order under section 254, 263 or 264 setting aside or cancelling assessment</p> <p>[Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]</p>	<p>Within 9 months from the end of the financial year in which order under section 254 is received by</p> <ul style="list-style-type: none"> <li>- Principal Chief Commissioner or</li> <li>- Chief Commissioner or</li> <li>- Principal Commissioner or</li> <li>- Commissioner or,</li> <li>- as the case may be an order under section 263/264 is passed by Principal Commissioner or Commissioner</li> </ul> <p>Note: If reference is made to TPO, the period available for assessment shall be extended by 12 months.</p>

153(5)	<p>Giving effect to an order [under Section 250/254/260/262/263/264] by AO wholly or partly, otherwise than by making a fresh assessment or reassessment</p> <p>[Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]</p>	<p>Within a period of 3 months from the end of the month in which order is received by</p> <ul style="list-style-type: none"> <li>- Principal Chief Commissioner or</li> <li>- Chief Commissioner or</li> <li>- Principal Commissioner or</li> <li>- Commissioner,</li> <li>- As the case may be the order under Section 263/264 is passed by the Principal Commissioner or Commissioner</li> </ul>
153(6)	<p>An order of assessment, reassessment or recomputation on assessee or any person in consequence of or to give effect to any finding or direction contained in</p> <ul style="list-style-type: none"> <li>• An order under Section 250/254/260/262/263/264 or</li> <li>• An order of any court in a proceedings otherwise than by way of appeal or reference [Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]</li> </ul>	<p>Within 12 months from the end of the month in which such order is received or passed by the Principal Commissioner or Commissioner, as the case may be</p>
153(6)	<p>An order of assessment on a partner of the firm in consequence of an assessment made on the firm under Section 147.</p> <p>[Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]</p>	<p>Within 12 months from the end of the month in which the assessment order in case of firm is passed.</p>
153B	<p>Passing assessment order under section 153A</p>	<p>Within a period of 21 months from the end of the financial year in which the last of the authorizations for search/requisition under section 132/132A was executed.</p> <p>This period cannot be less than 9 months from the end of the financial year in which books of account, etc., are handed over under section 153C to the concerned Assessing Officer.</p> <p>[Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]</p>

154	Rectifying any mistake apparent from record by income-tax authority referred to in section 116 to –  (i) amend any order passed by it  (ii) amend any intimation or deemed intimation under section 143(1)  (iii) amend any intimation under section 200A(1)  (iv) amend any intimation under section 206CB(1), i.e., intimation regarding processing of TCS statement.	Within 4 years from the end of financial year in which order sought to be amended is passed, or within 6 months from the end of the month in which the application is received by the income-tax authority, whichever is earlier
155(1)/(2)	Amending assessment order of partner of firm or member of AOP/BOI for inclusion of correct share from firm/AOP/BOI	Within 4 years from the end of financial year in which final order is passed in case of firm/AOP/BOI
155(1A)	Amending assessment order of partner for adjusting income from firm to the extent not deductible under section 40(b)	Within 4 years from the end of financial year in which final order was passed in case of the firm
155(4)	Recomputing total income for succeeding year(s) in respect of loss or depreciation recomputed under section 147	Within 4 years from the end of financial year in which order under section 147 is passed
155(4A)	Withdrawing investment allowance allowed under section 32A if –  a) asset is sold/transferred within 8 years from end of previous year in which it was acquired; or  b) investment allowance reserve is not utilised for acquiring new asset within 10 years of end of previous year in which asset was acquired; or  c) reserve is misutilised before expiry of 10 years of end of previous year in which asset was acquired.	Within 4 years from the end of previous year in which sale/transfer took place.  Within 4 years from end of said 10 years  Within 4 years from end of previous year in which amount is so misutilised
155(5A)	Withdrawing development allowance under section 33A if within 8 years land is sold or reserve is misutilised	Within 4 years from the end of previous year in which sale took place or reserve is so misutilised
155(5B)	Recomputing total income where weighted deduction in respect of expenditure on scientific research under section 35(2B) is deemed to have been wrongly allowed	Within 4 years from the end of previous year in which period allowed for completion of scientific research programme has expired
155(7)	Recomputing distributable income and additional tax liability under section 104	Within 4 years from the end of financial year in which final order was passed

155(7B)	Recomputing deemed capital gains under section 47A	Within 4 years from the end of previous year in which capital asset is converted into stock-in-trade or in which parent company/holding company ceases to have 100 per cent shareholding in subsidiary company
155(10A)	Amending order of assessment so as to exclude unadjusted amount of capital gain on long-term capital asset not chargeable under section 54E(1)	Within 4 years from the end of financial year in which original assessment is made
155(11)	Amending order of assessment to exclude capital gain not chargeable under section 54H	Within 4 years from the end of previous year in which compensation was received
155(11A)	Amending order of assessment so as to allow deduction under section 10A, 10B or 10BA in respect of income received in or brought into India	Within 4 years from the end of previous year in which such income is received in, or brought into, India
155(12)	Amending order of assessment to allow deduction under section 80-O	Within 4 years from the end of previous year in which income is received or brought into India ; however, the period from 1-4-1988 to 30-9-1991 shall be excluded
155(13)	Amending order of assessment so as to allow deduction/s 80HHB, 80HHC, 80HHD, 80HHE, 80-O, 80R, 80RR or 80RRA in respect of convertible foreign exchange earnings not brought into India initially but received or brought into India subsequently	Within 4 years from the end of the previous year in which such income is so received in, or brought into India
155(14)	Amending order of assessment/intimation under section 143(1) to give credit for tax deducted/collected not given earlier on ground that tax deduction/collection certificate was not filed with return	Relevant tax deduction/collection certificate should be produced before Assessing Officer within 2 years from the end of assessment year in which income is assessable.
155(15)	Amending order of assessment so as to compute capital gain by taking the full value of consideration to be the value adopted/assessed by stamp duty authorities (section 50C) as revised in appeal/revision/reference	Within 4 years from the end of the previous year in which the order revising the value was passed in that appeal/revision/reference
155(16)	Amending order of assessment so as to compute capital gain on compulsory acquisition, etc., by taking the full value of consideration to be the compensation/consideration as reduced by any court, tribunal or other authority	Within 4 years from the end of the previous year in which order reducing compensation was passed

155(17)	Amending order of assessment so as to withdraw deduction under section 80RRB allowed earlier whereby a subsequent order of the Controller/ High Court the patent is revoked or the name of the assessee is excluded from the patents register as patentee in respect of that patent	Within 4 years from the end of the previous year in which order of Controller/High Court was passed
158AA(1) (w.e.f. 01.06.2015)	Direction by the Principal Commissioner or Commissioner to Assessing officer to make an application to the ITAT if any question of law arising in the case of an assessee for any assessment year is identical with a question of law arising in his case for another assessment year which is pending before the Supreme Court.	Within 60 days from the date of receipt of order of the Commissioner (Appeals).
158AA(4) (w.e.f. 01.06.2015)	Direction by the Principal Commissioner or Commissioner to Assessing officer to file an appeal to ITAT if order of CIT(A) is not in conformity with order of the Supreme Court which decided on the question of law in the other case in favour of revenue	Within 60 days from the date of communication of order of the Supreme Court
158BE(1)	Passing order under section 158BC	Within 1 year from the end of the month in which the last of the authorisations for search u/s 132 or for requisition u/s 132A was executed where the search or requisition took place before 1-1-1997. In a case where the search or requisition takes place on or after 1-1-1997 the period allowed is 2 years from the end of the relevant month.
158BE(2)	Completion of block assessment in the case of other person referred to in section 158BD	One year from the end of the month in which the notice under Chapter XIV-B was served on such other person where search or requisition takes place before 1-1-1997. In a case where the search or requisition takes place on or after 1-1-1997 the period allowed is 2 years from the end of the relevant month.

158BFA(3)	Passing order imposing penalty under section 158BFA(2)	<p>In a case where the assessment is the subject-matter of an appeal to the Commissioner (Appeals) under section 246 or section 246A or an appeal to the Appellate Tribunal under section 253, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which the order of the Commissioner (Appeals) or, as the case may be, the Appellate Tribunal is received by the Principal Chief Commissioner/ Principal Commissioner/Chief Commissioner or Commissioner, whichever period expires later.</p> <p>In a case where the assessment is the subject-matter of revision under section 263, after the expiry of six months from the end of the month in which such order of revision is passed.</p> <p>In any case other than those mentioned above, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which action for imposition of penalty is initiated, whichever period expires later.</p>
160(1), Explanation 1	Filing declaration by trustee(s) for converting 'oral trust' into 'trust declared by a duly executed instrument in writing'	Within 3 months from the date of declaration of 'oral trust'
172(3)	Return of full amount paid or payable to non-resident owner or charterer of ship towards passenger fares, freight, etc., to be furnished by the Master of ship to the Assessing Officer	Before departure of the ship from any port in India, or within 30 days thereafter if permitted by Assessing Officer
172(4A)	Passing order, assessing income and determining tax payable thereon under section 172(4).	Within 9 months from the end of financial year in which return under section 172(3) is furnished (by 31-12-2008 where return is furnished before 1-4-2007)
172(7)	Submission of claim by owner or charterer of ship that assessment be made and tax payable by him be determined in accordance with other provisions of the Act	Before expiry of assessment year relevant to previous year in which ship has departed from Indian port

176(3)	Giving notice of discontinuance of business/ profession to Assessing Officer	Within 15 days of discontinuance
178(1)	Giving notice of appointment as liquidator to Assessing Officer	Within 30 days of appointment
178(2)	Notifying liquidator as to amount of tax payable by company	Within 3 months from the date on which Assessing Officer receives notice of appointment of liquidator
184	Filing certified copy of partnership deed	Along with return of income of the firm
192	Filing return of deduction of tax from contributions paid by the trustees of an approved superannuation fund	Within 2 months from the end of financial year
194C(7)	Person responsible for paying/ crediting any sum to contractor during course of business of plying, hiring or leasing goods carriages to furnish prescribed particulars to prescribed income-tax authority	Within such time as may be prescribed
197A(2)	Delivering to Principal Chief Commissioner/ Principal Commissioner/Chief Commissioner/ Commissioner one copy of declaration required to be filed under section 197A(1) or 197A(1A) or 197A(1C)	On or before 7th of next month following the month in which declaration is furnished
200(1)	Paying tax deducted at source under sections 192 to 196D	Within time limit as prescribed under rule 30
200(2A)	In case of an office of the Government, where TDS has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer, etc., shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars as may be prescribed.	Within such time as may be prescribed.

200(3)	Preparation and filing of prescribed statements of tax deducted for periods ending on June 30, September 30, December 31 and March 31	<p>Where deductor is a person other than an office of the Government: On or before 15th July, 15th October, 15th January of the financial year in respect of quarter ending 30th June, 30th September and 31st December and in respect of quarter ending 31st March, on or before 15th May of the financial year immediately following the financial year in which deduction is made.</p> <p>Where deductor is an office of Government : On or before 31st July, 31st October, 31st January of the financial year in respect of quarter ending 30th June, 30th September and 31st December and in respect of quarter ending 31st March, on or before 15th May of the financial year immediately following the financial year in which deduction is made.</p> <p>Within seven days from end of month in which deduction is made u/s 194-IA.</p>
200A	Intimation under section 200A(1)	Within one year from the end of financial year in which statement is filed
201(3)	Order deeming a person to be an assessee in default for failure to deduct whole or any part of tax from a person resident in India	Within 7 years from the end of the financial year in which payment is made or credit is given, whether the statement is filed or not.
203	Issuance of certificate of tax deducted at source	<p>Form No. 16: By 31st May of the financial year immediately following the financial year in which income was paid and tax deducted.</p> <p>Form No. 16A: On or before 30th July, 30th October, 30th January of the financial year in respect of quarters ending 30th June, 30th September &amp; 31st December of the financial year. For quarter ending 31st March, on or before 30th May of the financial year immediately following the financial year in which deduction is made.</p> <p>Form No. 16B (Section 194-IA) : Within 15 days from the due date for furnishing challan cum statement in Form No. 26QB (i.e. within 7 days from the end of month in which deduction is made)</p>
203A	Payer to apply to Assessing Officer for allotment of Tax Deduction and Collection Account Number	Within one month from the end of the month in which tax was deducted or collected, as the case may be

203AA	Issuance of TDS Certificate within the prescribed time after the end of the financial year beginning on or after 1-4-2008 by the prescribed income-tax authority or person authorised by such authority.	31st July following financial year during which taxes were deducted or paid (Form No. 26AS)
206(4)	Rectifying defect in return filed under section 206(2)	Within 15 days from the date of intimation of the defect by Assessing Officer or extended time
206A(1)	Furnishing of prescribed statement in respect of payment of interest to residents without TDS by banking company, co-operative society or public company referred to in proviso to section 194A(3)(i)	On or before 31st July, 31st October, 31st January and 30th June following respective quarter of financial year
206A(2)	Furnishing of prescribed statement by persons notified by Central Government	Within such time as may be prescribed.
206C(3)	Payment of tax collected from the respective buyers of specified goods under section 206C(1) to the credit of Central Government or as the Board directs	Within time limit as prescribed in rule
206C(3) (proviso)	Preparation and filing of prescribed statements of tax collected for periods ending on June 30, September 30, December 31 and March 31	On or before 15th July, 15th October, 15th January in respect of first three quarters of the financial year. In respect of quarter ending 31st March, on or before 15th May of the financial year immediately following the financial year in which collection is made (Form No. 27EQ)
206C(3A)	In case of an office of the Government, where TDS has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer, etc., shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars as may be prescribed.	Within such time as may be prescribed.
206C(5)	Person collecting tax under section 206C(1) from respective buyers to give them a certificate in Form 27D about the amount and rate of tax collected, etc.	On or before 30th July, 30th October, 30th January of the financial year in respect of the quarter ending 30th June, 30th September and 31st December of the financial year. For quarter ending 31st March, on or before 30th May of the financial year immediately following the financial year in which collection is made

206C(5) (2nd proviso)	Prescribed income-tax authority or person authorised by such authority to prepare and deliver to buyer/licensee/lessee, a statement in the prescribed form specifying amount of tax collected or paid after the end of each financial year beginning on or after 1-4-2008	31st July following the financial year during which taxes were collected or paid (Form No. 26AS)
206C(5D)	Rectifying defect in the return filed	Within 15 days from the date of intimation of the defect by Assessing Officer or extended time
206CB (effective from 1/6/2015)	Intimation under section 206CB(1), i.e., intimation regarding processing of TCS statement	Within 1 year from the end of financial year in which statement is filed.
211(1)	<p>Payment of advance tax in specified installments:</p> <p>(a) In case of all the assessees (other than the eligible assessees as referred to in section 44AD):</p> <p>(i) Up to 15 per cent</p> <p>(ii) Up to 45 per cent</p> <p>(iii) Up to 75 per cent</p> <p>(iv) Up to 100 per cent</p> <p>(b) In case of eligible assessee as referred to in Section 44AD:</p> <p>Up to 100 per cent</p> <p>Note: Any advance tax paid on or before 31st day of March shall also be treated as paid during the same financial year.</p> <p>[Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]</p>	<p>On or before 15th June</p> <p>On or before 15th September</p> <p>On or before 15th December</p> <p>On or before 15th March</p> <p>On or before 15th March</p>
211(2)	Payment of the appropriate part or whole amount of advance tax as demanded under section 210(3) and (4) after the due dates of installment	On or before each date specified in section 211(1) falling after date of service of demand notice
220(1)	Payment of amount other than advance tax in response to notice under section 156	Within 30 days of service of demand notice or within date extended on request or within shorter period, specified in revenue's interest
239(2)(c)	Making claim for refund	Within 1 year from last day of relevant assessment year

239(2)(d)	Making claim for refund of fringe benefit tax	Within 1 year from the last day of the relevant assessment year
245C(1)	Application for settlement of case to Settlement Commission	At any stage during the pendency of a case before the Assessing Officer
245D(1)	Rejecting/allowing the application for settlement	Within 7 days, notice shall be issued to the applicant to justify admission of his application; within 14 days from the receipt of application, the order pertaining to rejecting/allowing the application shall be made
245D(2B)	Calling report by the Settlement Commission from the Principal Commissioner/Commissioner	Within 30 days from the date of receipt of application
245D(2B)	Submission of report by the Principal Commissioner/Commissioner to Settlement Commission	Within 30 days from the date of communication from the Settlement Commission
245D(2C)	Declaring application as invalid by the Settlement Commission	Within 15 days from the date of receipt of report from the Principal Commissioner/Commissioner
245D(3)	Furnishing a report by the Principal Commissioner/Commissioner to the Settlement Commission in the matters covered by the application	Within 90 days from the date of receipt of communication from the Settlement Commission
245D(4A)	Passing order of settlement	Within 18 months from the end of the month in which the application was made, if application is made on or after 1-6-2010
245D(6B)	Passing of order by the Settlement Commission to amend an order passed by it in order to rectify any mistake apparent from records.	<p>a) Within 6 months from the end of the month in which order was passed; or</p> <p>b) Within 6 months from end of the month in which an application for rectification has been made by the Principal Commissioner or the Commissioner or the applicant, as the case may be.</p> <p>No application for rectification shall be made by the Principal Commissioner or the Commissioner or the applicant after the expiry of 6 months from the end of the month in which an order is passed by the Settlement Commission</p>
245D(7)	Completion of proceedings where settlement becomes void as provided in section 245D(6)	Within 2 years from the end of the financial year in which the settlement becomes void

245E, proviso	Reopening of completed proceedings by Settlement Commission if an application is made before 1-6-2007	Reopening of proceeding is not possible where period between the end of assessment year to which proceeding relates and the date of application for settlement under section 245C exceeds 9 years
245Q(3)	Withdrawing application for advance ruling	Within 30 days from the date of application
245R(6)	Pronouncement of advance ruling by authority	Within 6 months of receipt of application
249(2)/(3)	Filing appeal to the Commissioner (Appeals) – (a) relating to tax deducted at source under section 195(1) (b) relating to any assessment/ penalty (c) in any other case	Within 30 days from the date of payment of tax or within extended time  Within 30 days from date of service of demand notice or within extended time  Within 30 days from date of communication of order or within extended time
250(6A)	Disposal of appeal by Commissioner (Appeals)	One year from end of financial year in which appeal is filed (where it is possible)
253(3)/(5)	Filing appeal to Tribunal	Within 60 days from date on which order sought to be appealed against is communicated or within extended time [30 days in case of appeal against order u/s 158BC(c), in respect of search initiated u/s 132 or requisition made u/s 132A, after 30-6-1995, but before 1-1-1997]
253(4)/(5)	Filing memo of cross-objections to Tribunal	Within 30 days of receipt of notice of filing appeal or within extended time
254(2)	Rectification of apparent mistake by Tribunal	Within 6 months from the end of the month in which the order was passed  [Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]
254(2A)	Disposal of appeal by Appellate Tribunal filed under sub-section (1)/(2) of section 253	4 years from end of financial year in which appeal is filed (where it is possible).  Where an order of stay is made in proceedings relating to appeal filed under section 253(1), Tribunal shall dispose of appeal within 180 days from date of such order or within extended time not exceeding 365 days including original period of 180 days, failing which stay order shall stand vacated; this will be so even if delay in disposing of the appeal is not attributable to the assessee.
260A	Filing appeal to High Court against the order of Tribunal	Within 120 days of date of communication of order

263(2)	Revising orders prejudicial to revenue by Principal Commissioner/Commissioner	Within 2 years from the end of financial year in which order sought to be revised was passed
263(3)	Revision by the Principal Commissioner/Commissioner of orders passed pursuant to any finding or direction by the Tribunal, National Tax Tribunal, High Court or Supreme Court	No time limit
264(2)	Revision of orders by Principal Commissioner/Commissioner on his own motion (not prejudicial to assessee)	Within 1 year of order sought to be revised
264(3)	Filing revision petition to the Principal Commissioner/Commissioner (order not to be prejudicial to assessee)	Within 1 year from the date of communication of order sought to be revised or date of his knowledge in respect thereof or within extended time
264(6)	Passing order on revision application made by assessee on or after 1-10-1998	Within 1 year from the end of the financial year in which application is made
275	Imposing penalties under Chapter XXI : (a) in a case where appeal is filed to the Commissioner (Appeals)/Tribunal	Before the expiry of financial year in which proceedings which give rise to penalty proceedings are completed, or within 6 months from end of month in which the order of Commissioner (Appeals)/Tribunal is received by the Principal Chief Commissioner/Principal Commissioner/Chief Commissioner/Commissioner, whichever period expires later.  However, where order is in appeal before Commissioner (Appeals) who passes appellate order on or after 1-6-2003, order imposing penalty shall be passed before expiry of financial year in which the proceedings, in the course of which action for imposition of penalty has been initiated, are completed, or within one year from the end of the financial year in which the order of the Commissioner (Appeals) is received by the Principal Chief Commissioner/Principal Commissioner/Chief Commissioner/Commissioner, whichever is later.
	(b) in a case where relevant assessment or other order is subject- matter of revision under section 263 (or section 264)	Within 6 months from the end of month in which revision order is passed

	(c) in any other case	Before expiry of financial year in which proceedings (in course of which action for imposition of penalty has been initiated) are completed, or within 6 months from end of month in which penal action is initiated, whichever is later
275(1A)	Imposing/enhancing/reducing/cancelling penalty or dropping penalty proceedings on the basis of revised assessment after giving effect to appellate/court/revision order in a case where relevant order is subject matter of appeal to Commissioner (Appeals)/Tribunal/High Court/Supreme Court or revision and an order imposing or enhancing or reducing or cancelling penalty or dropping proceedings for imposition of penalty is passed before the order of the Commissioner (Appeals)/Tribunal/High Court/Supreme Court is received by the Principal Chief Commissioner/Chief Commissioner/Principal Commissioner/Principal Commissioner or order of revision is passed	Within 6 months from the end of the month in which order of Commissioner (Appeals)/Tribunal/ High Court/Supreme Court is received by the Principal Chief Commissioner/ Principal Commissioner/Chief Commissioner/ Commissioner or order of revision is passed
281B(2)	Provisional attachment of assets of assessee	Attachment shall cease to have effect after expiry of six months (extendable upto 2 years or 60 days after date of order of assessment or reassessment, whichever is later) from date of order
281B(4)	Submitting report by Valuation Officer to determine fair value of property provisionally attached by AO.  [Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]	Within a period of 30 days from the date of receipt of such reference
281B(5)	An order revoking the provisional attachment of property on furnishing of Bank Guarantee.  (subject to conditions)  [Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]	<ul style="list-style-type: none"> <li>- Within 45 days from the date of receipt of the bank guarantee, where a reference to the Valuation Officer has been made or</li> <li>- Within 15 days from the date of receipt of bank guarantee in any other case.</li> </ul>
281B(7)	Invoking Bank Guarantee by AO if the assessee fails to renew the guarantee or fails to furnish a new Guarantee  [Inserted by the Finance Act, 2016 w.e.f. 1-6-2016]	15 days before the expiry of the Guarantee.

285	Preparation and delivery of statement in prescribed form containing prescribed particulars by non-resident having liaison office in India set up in accordance with guidelines issued by RBI under FEMA, 1999	Within 60 days from end of the financial year
285A	<p>Section 285A provides for reporting by an Indian concern if following two conditions are satisfied:</p> <p>a) Shares or interest in a foreign company or entity derive substantial value, directly or indirectly, from assets located in India; and</p> <p>b) Such foreign company or entity holds such assets in India through or in such Indian concern.</p> <p>In this case, the Indian entity shall furnish information relating to the off-shore transaction having the effect of directly or indirectly modifying its ownership structure or control, to the prescribed income-tax authority in such manner, as may be prescribed.</p>	Within such time as may be prescribed.
285B	Furnishing of statement by film producers	Within 30 days from end of financial year or within 30 days from date of completion of film, whichever is earlier
285BA	Filing of Annual Information Return	On or before 31st August immediately following financial year in which transaction is registered or recorded
285BA(4)	Rectifying defect in return filed under section 285BA as required by prescribed income-tax authority	Within 1 month (or such extended time as may be allowed on application) from date of intimation of defect
285BA(5)	Furnishing of return under section 285BA in response to notice from prescribed income-tax authority by person who has failed to furnish return within time	Within period not exceeding 60 days from date of service of notice.
Rule 18 of Appellate Tribunal Rules	Filing of paper book	At least a day before the date of hearing of the appeal along with the proof of service of a copy of the same on the other side at least a week before
Schedule II Part I, Rule 3	Execution of certificate drawn up	Not before 15 days after date of service of notice under rule 2
Schedule II Part I, Rule 14	Filing of application by officer holding the sale relating to recovery from defaulting purchasers	Within 15 days from the date of resale

Schedule II Part II, Rule 25(5)	Attachment of growing crop which does not admit of being stored	Not less than 20 days before it is likely to be fit to be cut or gathered
Schedule II Part II, Rule 40	Sale of movable property (other than property, subject to speedy and natural decay and property in relation to which expense of keeping it in custody is likely to exceed its value)	Not before 15 days from the date on which copy of sale proclamation was affixed in TRO's office
Schedule II Part III, Rule 55	Sale of immovable property without written consent of defaulter	Not until expiry of 30 days from the date on which proclamation of sale has been affixed on the property or in the office of the TRO, whichever is later
Schedule II Part III, Rule 57	Payment of full amount of purchase money on sale of immovable property	Within 15 days from the date of sale
Schedule II Part III, Rule 60	Application to set aside sale of immovable property on deposit of specified sum	Within 30 days from the date of sale
Schedule II Part III, Rule 61	Application to set aside sale of immovable property on ground of non-service of notice or irregularity	Within 30 days from the date of sale
Schedule II Part III, Rule 62	Application for setting aside sale on ground that defaulter had no saleable interest	Within 30 days from the date of sale
Schedule II Part III, Rule 68B	Sale of immovable property	Within 4 years from the end of financial year in which order giving rise to demand, etc., has become conclusive.  In case of re-sale, period shall be extended by one year.
Schedule IV Part A, Rule 13	Appeal by employer against order of Principal Chief Commissioner/ Principal Commissioner/ Chief Commissioner or Commissioner refusing to recognise or withdrawing recognition from a provident fund	Within 60 days of such order
Schedule IV Part B, Rule 8	Appeal by employer against order of Principal Chief Commissioner/ Principal Commissioner/ Chief Commissioner or Commissioner refusing to approve or withdrawing approval granted to a superannuation fund	Within 60 days of such order
Schedule IV Part C, Rule 8	Appeal by employer against order of Principal Chief Commissioner/ Principal Commissioner/ Chief Commissioner or Commissioner refusing to approve or withdrawing approval granted to a gratuity fund	Within 60 days of such order

## 4.11 ENVIRONMENTAL LAWS

### Legal Framework

India has an elaborate legal framework with over two hundred laws relating to environmental protection. Key national laws for the prevention and control of industrial and urban pollution include the following:

- Water (Prevention and Control of Pollution) Act of 1974, amended in 1988
- Water (Prevention and Control of Pollution) Cess Act of 1977, amended in 1991
- Air (Prevention and Control of Pollution) Act of 1981, amended in 1987
- Environment (Protection) Act of 1986 (EPA)
- Public Liability Insurance Act of 1991
- National Environmental Tribunal Act of 1995
- National Environmental Appellate Authority Act of 1997

The medium-specific legislation (the Air Act and the Water Act) empower the central and state pollution control authorities to enforce emission and effluent standards for industries discharging pollutants into air and water. The Water Cess Act, among other things, stipulates the use of fees for water abstraction.

The **Water Act** vests regulatory authority in State Pollution Control Boards to establish and enforce effluent standards for facilities discharging pollutants into water bodies. The CPCB coordinates activities between the states and performs regulatory functions for union territories. The central and state boards were authorized to control domestic and industrial discharge via consents to establish (CTE) and consents to operate (CTO) and to advise state governments on siting of industrial projects.

The **Air Act** provides for the prevention, control and abatement of air pollution. With a framework similar to the Water Act, the Air Act gave the central and state boards authority to issue consents to industries operating within designated air pollution control areas. States also prescribe emission standards for stationary and mobile sources.

The Parliament responded to the Bhopal disaster of 1984 by enacting the Environment Protection Act in order to create overarching national environmental legislation. The EPA both articulates a policy for environmental protection covering air, water and land and provides a framework for central government coordination of central and state authorities established under previous laws, including the Water Act and Air Act. Under this umbrella law, the central government must set national ambient and emissions standards, establish procedures for managing hazardous substances, regulate industrial setting, investigate and research pollution issues, and establish laboratories and collect and disseminate information.

Among other relevant legislation, the Public Liability Insurance Act (PLIA) of 1991 mandates that business owners operating with hazardous substances take out insurance policies covering potential liability from an accident and establish Environmental Relief Funds to deal with accidents involving hazardous substances.

The National Environmental Appellate Authority Act of 1997 requires the central government to establish an authority to hear appeals on area restrictions where industrial operations will not be carried out or will be carried out with certain safeguard measures. In 2005, Parliament enacted the 10 Right to Information Act designed to promote greater transparency and accountability of the government and public participation in decision-making.

*Jurisdiction of Environmental Legislation in India*

<u>Central Government</u>	<u>State Government</u>
Ministry of Environment & Forest	State Dept. of Environment
– Regional Offices	
Central Pollution Control Board	State Pollution Control Board / State Pollution Control Committee
– Zonal Offices (6)	– Regional Offices

**Role and Responsibilities***1. The Water (Prevention and Control of Pollution) Act, 1974*

- Provide information to the SPCB
- Provide access to the SPCB for taking samples
- Allow entry to the SPCB to ascertain that the provisions of the Act are being complied with.
- Obtain "Consent to Establish"
- Obtain "Consent to Operate"
- Apply for renewal of the "Consent to Operate" before the expiry of validity period
- Consent to be deemed as granted automatically and unconditionally after four months from the date of application already given or refused before this period
- Refusal of "Consent" to be recorded in writing
- Pay Water Cess as indicated in the assessment order
- Affix water meters of the prescribed standards
- Provide access to SPCB
- Pay interest in case of delay in paying the Water Cess
- Pay penalty for non-payment of Cess
- Industry is entitled to 25% rebate if meeting certain conditions

*2. The Air (Prevention & Control of Pollution) Act, 1981*

- Comply with the conditions in the "Consent to Establish" or "Consent to Operate"
- Not to discharge air pollutant(s) in excess of the prescribed standards
- Furnish information to the SPCB of any accident or unforeseen act or event
- Allow entry to the SPCB to ascertain that provisions of the Act are being complied with
- Provide information to enable SPCB to implement the Act
- Provide access to the SPCB for taking samples
- Comply with the directions issued in writing by the SPCB

- Obtain "Consent to Establish"
- Obtain "Consent to Operate"
- Apply for the renewal of "Consent to Operate" before expiry of the validity period
- Consent to be deemed as granted after four months from the date of receipt of application if no communication from the SPCB is received
- A prior "Notice of Inspection" to be served by the SPCB
- Industry to ensure that specified emission sampling procedure is being followed by the SPCB
- Opportunity to file objections with the SPCB within 15 days from the date of service of notice
- PCB to record reasons in writing in case it does not provide an opportunity to the industry to file objections

### 3. *Environment (Protection) Act, 1986*

- Comply with the directions issued by the Central Government. The direction may include:
  - closure, prohibition or regulation of any industry, or
  - stoppage or regulation of the supply of electricity, water or any other service
- Prevent discharges or emissions excess of the prescribed standards
- Furnish information of any accidental or unforeseen event
- Allow entry and inspection to ascertain compliance
- Allow samples to be taken
- Submit an "Environmental Statement" every year before 30th September to the SPCB
- Obtain prior "Environmental Clearances" from MoEF, in case of a new project or for modernization/ expansion of the existing project

### 4. *The Hazardous Waste (Management and Handling) Rules, 1989, Amendments 2000*

- Check whether the waste(s) generated covered in Schedule 1 and 2 of the amendment rules, 2000
- If covered, apply in the Prescribed Format to obtain an "Authorization" for proper treatment and disposal of hazardous waste(s) and comply with the conditions specified in the authorization
- Take steps, wherever feasible for reduction, recovery and recycling of wastes
- Ensure proper collection, reception, treatment, storage and disposal of hazardous wastes
- Apply for renewal of authorization before expiry of the validity period
- Maintain records of hazardous wastes handling (Form 3)
- Submit "Annual Returns" to the SPCB (Form 4)
- Report to the SPCB any accident
- Labeling, Packaging, Transportation of HW as per Motor Vehicle Act, 1988 and Rules 1989

5. *The Hazardous Waste (Management and Handling) Rules, 1989, Amendments 2000, Draft Amendments 2002*

Draft Amendments, 2002 (Dt. 21<sup>st</sup> May 2002)

- Clarification on the definition of Hazardous Wastes
- List of hazardous waste according to schedule 1 is being modified
- Procedure for registration of re-processors of non-ferrous scrap and waste oil
- Schedule for hazardous wastes prohibited for import to and export from India

6. *Manufacture, Storage and Import of Hazardous Chemical (Amendment) Rules, 1994, 2000*

- Identify whether the chemicals handled, used and stored or imported are covered in the Schedule 1 and/or 3 of the Rules, Schedule 2 for isolated storages.

If covered in schedule 1:

- Occupier to identify hazards associated with industrial activity and take adequate steps for prevention and control
- Occupier to provide relevant information to persons liable to be affected by a major accident
- Occupier to develop information in the form of a safety data sheet
- Occupier to notify the concerned authorities within 48 hours of the occurrence of a major accident
- Occupier to label the specified information on every container of hazardous chemicals.
- Occupier to submit an up-to-date safety report at least ninety days before making any modification.
- Occupiers of new and existing industrial activities to carry out safety audit and submit report within 30 days.
- Occupier to submit a safety audit update report once a year and forwarding a copy within 30 days.
- Occupier to prepare up-to-date on-site emergency plan before commencing a new industrial activity involving specified chemicals.
- Occupier shall conduct a mock drill of emergency plan every six months and submit a report.
- Occupier to maintain records of imports of hazardous chemicals and to provide information to the concerned Authority.
- Occupier to ensure the transportation of hazardous chemicals as per the provisions of the Motor Vehicles Act, 1988.

### **Environmental Clearance**

*Grant of Environmental Clearance (1994)*

If the industrial unit comes under the specified project, then environmental clearance would be required from the Ministry of Environment and Forests for new projects as well as for Expansion / modernisation of Existing projects if pollution load is increasing .Public Hearing (1997).

*Who Requires Environmental Clearance?*

The following project categories are required to obtain environmental clearance :

- New Projects
- If investment is more than Rs. 100 crores
- Nuclear power plant and related projects, such as Heavy Water Plants, Nuclear Fuel Complex, Rare Earths
- River valley projects including hydro power, major irrigation projects and a combination, including flood control
- Ports harbours, airports (except minor ports and harbours)
- Petroleum refineries including crude and product pipelines.
- Chemical fertilizers
- Exploration for oil and gas and their production transportation and storage
- Synthetic Rubber
- Primary metallurgical industries
- Electric Arc Furnaces (Mini Steel Plants)
- Viscose staple fibre and filament yarn
- Storage batteries integrated with the manufacture of oxides of lead and lead antimony alloy,
- Thermal power plants
- Pulp paper and newsprint
- Cement
- Any project proposed to be located within twenty five Km of
  - Reserved forests
  - Ecologically sensitive areas which may include National Parks, Sanctuaries,
  - Bio-sphere Reserves,
- Critical polluted areas
- Or within fifty kms of inter-state boundary shall require environmental clearance from the Central Government
- The following project categories, irrespective of the investment :
  - Pesticides
  - Bulk drugs and pharmaceuticals
  - Asbestos and asbestos products,

- All tourism projects between 200 – 500 meters of a High Tide Line and at locations with an elevation of more than 1,000 meters with investments of more than Rs. 5 crores.
  - Mining projects (with leases of more than 5 hectares)
  - Highway projects except projects relating to improvement work
  - Petrochemical Complexes
  - Tarred roads in the Himalayas and forest areas
  - Distilleries
  - Raw skins and hides
  - Dyes
  - Foundries
  - Chlor-alkali industry
  - Hydrocyanic Acid
  - Electroplating
  - Meta amine phenol
  - Small scale industrial units in project categories mentioned above.
- With investments less than Rs.1 crore and which are on the reserved list are exempted from environmental clearance
  - For obtaining site clearance, application is to be submitted giving the location of the project alongwith requisite details, to the Ministry of Environment and Forests
  - The Ministry of Environment and Forests will convey its decision about the suitability of the proposed site within a maximum period of 30 days.

#### **The National Environment Tribunal Act, 1995**

- To provide for strict liability for damages arising out of any accident occurring while handling any hazardous substance
- To establish a National Environment Tribunal for granting relief and compensation
- The Tribunal may if it thinks fit take up cases for claims for compensation suo moto (on its own)
- A claimant making an application may also make an application for immediate relief under the Public Liability Insurance Act.

#### **Bio-medical Waste (Management & Handling) Rules, 1998.**

- Proper segregation of wastes & Labeling as specified
- Install Pollution Control Systems Like Incinerators, autoclaves or microwaves or adopt deep burial and meet the prescribed limits of emissions
- Comply with the dead-line stipulated to install the pollution control systems

- Transportation of waste as per the norms.

#### **Regulation on Recycling of Waste Materials, 1999, 2000**

- The waste materials targeted : waste oils, lead – acid batteries, non-ferrous wastes
- The auction / sale of these materials to only authorised recyclers who are registered with the Ministry of Environment&Forests, Govt of India
- No trader can take such type of waste

#### **Noise Pollution (Regulation & Control) Rules, 2000**

- Aiming to regulate and control noise from sources like, industrial activity, construction activity, generator sets, loud speakers, public address systems, music systems, vehicular horns and other mechanical devices.
- The prescribed Ambient Noise Levels are to be complied with
- A loud speaker should not be used except after obtaining written permission from the authority
- If the noise level exceeds the ambient standards by 10d(B) A, complaint can be lodged to the authority.

#### **Batteries (M & H) Rules, 2001**

- Responsibilities for Manufacturers, users auctioners, dealers and importers of batteries
- Manufactures are to take initiatives to collect the spent batteries back
- Recyclers/re-processors of batteries need to register themselves with the MoEF

#### **Procedural Requirements to Operate an Industry**

- Seek from the SPCB the Consent to Establish and Consent to Operate under Water and Air Acts and apply for their renewal
- Submit to the SPCB Water Cess Return as per the periodicity given
- Comply with the effluent / émission standards for source or General Standards as per the E(P) Act
- Seek from the SPCB an `autorisation` under the HW (M & H) Rules and apply for its renewal
- Maintain the record of the hazardous waste produced
- Seek Environmental Clearance for the specified project
- Submit Environmental Statement every year
- For the chemicals handled, check under which Schedule of MSIHC, Rules it is covered
- Follow the requirements given in the MSIHC, Rules
- Provide the workers with information, training &equipment
- Inform the major accidents to the prescribed authority
- Notification of Site & submit safety report if applicable
- Prepare on-site emergency plan

- Undertake mock audits
- Submit 'Safety Audit Report' to the prescribed Authority
- Leveling, packaging and transportation of hazardous chemicals according to Motor Vehicle Act / Rules
- The Indian Boilers Act 1923 & Rules 1961
- The Indian Electricity Act 1910 & Rules 1956
- The Explosives Act, Gas Cylinder Rules 1981
- The Pressure Vessels Act, Rules, 1981

## The Environment (Protection) Rules 1986- Salient Features

### A. Standards for emissions or discharge of environmental pollutants

1. The standards for emissions or discharge of environmental pollutants from the industries operations or processes shall be as specified in Schedule I to IV.
2. More stringent standards may be prescribed by the Central or State board in respect of any specific industry from those provided in Schedule I to IV depending upon the quality of the recipient system and after recording the reasons therefore in writing.
3. The standards specified under sub rule (1) and (2) shall be complied with by an industry within a period of one year of being so specified

(3A)

- (i) notwithstanding anything contained in sub-rules (1) and (2), on and from the 1<sup>st</sup> day of January 1994, emission or discharge of environmental pollutants from the industries, operations or processes other than those industries, operations or processes for which standards have been specified in Schedule-I shall not exceed the relevant parameters and standards specified in schedule VI.

However, the State Boards may specify more stringent standards for the relevant parameters with respect to specific industry or locations after recording reasons therefore in writing.

### B. National Environment Policy

#### ENVIRONMENT LAWS-Environment (Prevention of Pollution control) Act, 1986

The Environment (Protection) Act was enacted in 1986 with the objective of providing for the protection and improvement of the environment. It empowers the Central Government to establish authorities under section 3(3) charged with the mandate of preventing environmental pollution in all its forms and to tackle specific environmental problems that are peculiar to different parts of the country. The Act was last amended in 1991.

#### Acts

No.29 of 1986, [23/5/1986] – The Environment (Protection) Act, 1986, amended 1991

#### Rules

S.O.844(E), [19/11/1986] – The Environment (Protection) Rules, 1986

The power conferred by the Environment Protection Act are followed under the following heads:

- Amendments to Principal Rules
- Coastal Regulation Zone
- Delegation of Powers
- Eco-marks Scheme
- Eco-sensitive Zone
- Environmental Clearance – General
- Environmental Labs
- Environmental Standards
- Hazardous Substances Management
- Loss Of Ecology
- Noise Pollution
- Ozone Layer Depletion
- Water Pollution
- 2-T Oil

### C. Water Pollution

The Water (Prevention and Control of Pollution) Act was enacted in 1974 to provide for the prevention and control of water pollution, and for the maintaining or restoring of wholesomeness of water in the country. The Act was amended in 1988. The Water (Prevention and Control of Pollution) Cess Act was enacted in 1977, to provide for the levy and collection of a cess on water consumed by persons operating and carrying on certain types of industrial activities. This cess is collected with a view to augment the resources of the Central Board and the State Boards for the prevention and control of water pollution constituted under the Water (Prevention and Control of Pollution) Act, 1974. The Act was last amended in 2003.

#### Acts

No.36 of 1977, [7/12/1977] – The Water (Prevention and Control of Pollution) Cess Act, 1977, amended 1992.

No. 19 of 2003, [17/3/2003] – The Water (Prevention and Control of Pollution) Cess (Amendment) Act, 2003.

No.6 of 1974, [23/3/1974] – The Water (Prevention and Control of Pollution) Act, 1974, amended 1988.

#### Rules

G.S.R.860(E), [30/11/2012] – The Central Pollution Control Board (Qualifications and other Terms and Conditions of Service of Chairman) (Amendment) Rules, 2012.

G.S.R.840(E), [22/11/2012] – The Central Pollution Control Board (Member-Secretary, Terms and Conditions of Service and Recruitment) Rules, 2012.

G.S.R.830(E), [24/11/2011] – The Water (Prevention and Control of Pollution) Amendment Rules, 2011.

G.S.R.378(E), [24/7/1978] – The Water (Prevention and Control of Pollution) Cess Rules, 1978.

G.S.R.58(E), [27/2/1975] – The Water (Prevention and Control of Pollution) Rules, 1975 (8.14 MB).

Central Board for the Prevention and Control of Water Pollution (Procedure for Transaction of Business) Rules, 1975 amended 1976.

### Notifications

S.O.1621(E), [27/9/2006] – Date on which the Water (Prevention and Control of Pollution) Cess (Amendment) Act, 1974 (6 of 1974) came into force.

S.O.498(E), [6/5/2003] – Date on which the Water (Prevention and Control of Pollution) Cess (Amendment) Act, 2003 (19 of 2003) came into force.

S.O.499(E), [6/5/2003] – Rate of Cess notified under the Water (Prevention and Control of Pollution) Cess (Amendment) Act, 1977(36 of 1977).

S.O.862(E), [26/11/1992] – Central Pollution Control Board constituted the Pollution Control Committee in the UT of Daman, Diu, Dadra & Nagar Haveli.

S.O.698(E), [3/7/1998] – Amendment to S.O.284(E) dated 19/2/1996.

S.O.787(E), [10/3/1992] – Delegation of Powers to the Union Territory of Pondicherry.

S.O.777(E), [19/7/1995] – Amendment to S.O.787 dated 10/3/1992.

S.O.198(E), [15/3/1991] – Delegation of Powers to the Union Territory of Delhi.

S.O.199(E), [15/3/1991] – Delegation of Powers to the Union Territory of Chandigarh.

S.O.842(E), [31/8/1988] – Delegation of Powers to the Union Territory of Lakshadweep.

No.8/1/-UTF I(4)-88/4953, [11/4/1988] – Constitution of Appellate Authorities under the Water Act, 1974 for Chandigarh.

G.O. Ms. No. 48/88/F6, [5/4/1988] – Constitution of Appellate Authorities under the Water Act, 1974 for Pondicherry.

No.1/2(71)/87.Plg., [7/4/1988] – Standards to prevent & control water pollution for small-scale industries located in the Union Territories.

S.O.247(E), [8/3/1988] – Delhi Zonal Laboratory of NEERI, Nagpur as a Central Water Laboratory.

S.O.787(E), [19/11/1991] – Central Pollution Control Board, New Delhi as a Central Water Laboratory.

## D. Air Pollution

The Air (Prevention and Control of Pollution) Act was enacted in 1981 and amended in 1987 to provide for the prevention, control and abatement of air pollution in India.

### Acts

No.14 of 1981, [29/3/1981] – The Air (Prevention and Control of Pollution) Act 1981, amended 1987.

### Rules

G.S.R.6(E), [21/12/1983] – The Air (Prevention and Control of Pollution) (Union Territories) Rules, 1983.

G.S.R.712(E), [18/11/1982] – The Air (Prevention and Control of Pollution) Rules, 1982.

#### **Notifications**

Revised National Ambient Air Quality Standards, Notification

G.S.R.935(E), [14/10/1998] – Ambient Air Quality Standard for Ammonia (NH<sub>3</sub>)

G.S.R.389(E), [23/9/1994] – CPCB reestablished labs in Delhi, Calcutta, Vadodara and Kanpur

S.O.1032(E), [12/12/1989] – Constitution of the Appellate Authority for the Union Territories

G.S.R.429(E), [10/2/1989] – Declaring the UT of Dadra and Nagar Haveli as air pollution control area

G.S.R.382(E), [28/3/1988] – The Date on which the Air Amendment Act of 1987 came into force

G.S.R.71(E), [1/2/1988] – Declaring the UT of Chandigarh as air pollution control area

G.S.R.54(E), [25/1/1988] – Declaring the UT of Pondicherry as air pollution control area

G.S.R.106(E), [20/2/1987] – Declaring the UT of Delhi as air pollution control area

G.S.R.351(E), [15/5/1981] – The Date on which the Air Act of 1981 came into force

#### **E. Public Liability Insurance**

The main objective of the Public Liability Insurance Act 1991 is to provide for the damages to victims of an accident which occurs as a result of handling any hazardous substance. The Act applies to all owners associated with the production or handling of any hazardous chemicals.

#### **Acts**

No.6 of 1991, [22/1/1991] – The Public Liability Insurance Act, 1991, amended 1992.

#### **Rules**

S.O.330(E), [15/5/1991] – The Public Liability Insurance Rules, 1991, amended 1993.

G.S.R. 768(E), [04/11/2008] – Notification on Public Liability Insurance Act.

S.O. 1878 (E) [13-07-2015] : Notification under Public Liability Insurance Act, 1991 - extension of term of Fund Manager.

#### **Notifications**

S.O.282, [19/3/1993] – List of Officers delegated powers of section 13 & 18 of PLI Act

S.O.227(E), [24/3/1992] – Hazardous substances and quantities to which PLI is applicable

S.O.779(E), [15/11/1991] – Delegation of powers to the State Governments

S.O.780(E), [15/11/1991] – Delegation of powers to the State Governments

G.S.R.253, [27/3/1991] – Date on which the Public Liability Insurance Act, 1991 came into force

#### **F. National Environment Tribunal**

In 1995 the Central Government established the National Environment Tribunal through the National Environment Tribunal Act 1995 to provide for strict liability for damage arising out of accidents caused from the handling of hazardous substances.

**Act**

No 27 of 1995, {17/6/1995}- The National Environment Tribunal Act 1995

**G. Wildlife**

The Government of India enacted Wild Life (Protection) Act 1972 with the objective of effectively protecting the wild life of this country and to control poaching, smuggling and illegal trade in wildlife and its derivatives. The Act was amended in January 2003 and punishment and penalty for offences under the Act have been made more stringent. The Ministry has proposed further amendments in the law by introducing more rigid measures to strengthen the Act. The objective is to provide protection to the listed endangered flora and fauna and ecologically important protected areas.

**Act**

The Wild Life (Protection) Amendment Act, 2006 (No. 39 of 2006, [03/09/2006])

The Wild Life (Protection) Amendment Act, 2002 (No. 16 of 2003, [17/01/2003])

The Wildlife (Protection) Act, 1972, as amended in 1993.

**Bill**

Wildlife (Protection) Amendment Bill 2013

**Rules**

Recognition of Zoo Rules, 2009.

S.O.1092(E), [22/9/2003] – The National Board for Wild Life Rules, 2003.

S.O.445(E), [18/4/2003] – The Declaration of Wild Life Stock Rules, 2003.

G.S.R.350(E), [18/4/1995] – The Wildlife (Specified Plant Stock Declaration) Central Rules, 1995.

G.S.R.349(E), [18/4/1995] – The Wildlife (Specified Plants – Conditions for Possession by Licensee) Rules, 1995.

G.S.R.348(E), [18/4/1995] – The Wildlife (Protection) Rules, 1995.

Recognition of Zoo Rules, 1992

G.S.R.328(E), [13/4/1983] – The Wildlife (Protection) Licensing (Additional Matters for Consideration) Rules, 1983.

G.S.R.29(E), [25/1/1973] – The Wildlife (Stock Declaration) Central Rules, 1973.

G.S.R.198(E), [9/4/1973] – The Wildlife (Transaction and Taxidermy) Rules, 1973.

**Notifications**

S.O.2180(E), [4/9/2010] – Amendments to Constitution of the National Board for Wild Life.

S.O.802(E), [16/05/2007] – The National Board for Wild Life Rules, 2007.

S.O.1093(E), [22/9/2003] – Constitution of the National Board for Wild Life.

S.O.1091(E), [22/9/2003] – Coming into force of section 6 of the Wild Life (Protection) Amendment Act, 2002 (16 of 2003).

S.O.446(E), [18/4/2003] – Delegation of Powers of section 58E of the Wild Life (Protection) Act, 1972 (53 of 1972).

S.O.447(E), [18/4/2003] – Delegation of Powers of section 54 of the Wild Life (Protection) Act, 1972 (53 of 1972).

S.O.332(E), [28/3/2003] – Coming into force of all the provisions except section 6 of the Wild Life (Protection) Amendment Act, 2002 (16 of 2003).

S.O.1085(E), [30/9/2002] – Amendments to Schedule I and Part II of Schedule II of the Wild Life (Protection) Act, 1972 (53 of 1972).

S.O.1197(E), [5/12/2001] – Amendments to Schedule I and Schedule IV of the Wild Life (Protection) Act, 1972 (53 of 1972).

S.O.665(E), [11/7/2001] – Amendments to Schedule I and Schedule III of the Wild Life (Protection) Act, 1972 (53 of 1972).

S.O.474(E), [28/5/2001] – Additions to Schedule I of the Wild Life (Protection) Act, 1972 (53 of 1972).

### Guidelines

Guidelines for Appointment of Honorary Wildlife Wardens

## 4.12 LIST OF INDUSTRY SPECIFIC LAWS

This section dwell on the list of legislations covering industry specific laws for CPSEs. Some of the major industries covered include:

1. Shipping
2. Atomic Energy
3. Power
4. Mining
5. Oil and Gas
6. Railways
7. Construction
8. Transportation
9. Iron and Steel

### 1. Shipping Industry

**Table 55- Shipping Industry: Acts and Rules**

Sr. No	Act/Rules
1	The National Waterways Act, 2016
2.	Indian Maritime University Act,2008
3	The Indian Ports Act 1908 (15 of 1908)

4	The MPT Act 1963 (38 of 1963)
5	The Inland vessels Act, 1917(1 of 1917)
6	The Coasting Vessels Act, 1838
7	The Inland Waterways Authority of India Act, 1985
8	Merchant Shipping Act, 1958
9	Notification for the MS (Second Amendment) Act 2014
10	Notification relating to MS (Second Amendment)Act, 2014
11	Delegating powers to the State Government for Registration of Fishing Vessels
12	Exemption from registration for Vessels less than 20 mts
13	Fishing boat specified
14	Management of safe operation of the Ships Amendment Rules
15	Notifications regarding appointment of registrars Indian Fishing Vessel
16	Notification appointing receiver of Wrecks
17	Registration of fishing boats Amendment Rules
18	Rules framed under Merchant Shipping Act, 1958
19	Inland Vessels (Prevention and Control of Pollution and Protection of Inland Water) Rules, 2016
20	Port entry rules 2012
21	Notification G.S.R 579 (E)
22	Seamen's Provident Fund Act, 1966
23	Seamen's Provident Fund Scheme
24	Seamen's Provident Fund (Amendment) Bill, 2007
25	Lighthouse Act 1927
26	The Dock workers (Regulation of Employment) Act, 1948 (9 of 1948)
27	The Dock workers (Regulation of Employment) (Inapplicability to Major Ports) Act, 1997
28	The Multimodal Transportation of Goods Act 1993
29	Amendment of The multimodal transportation of Goods Act 1993
30	Major Ports Regulatory Authority Bill, 2009
31	NW1 Allahabad to Haldia stretch of Ganga-Bhagirathi-Hooghly river Act 1982
32	NW2 SadiyaDhubri stretch of river Brahmaputra Act 1988
33	NW3 Kottapuram Kollam Act 1992

34	NW4 Kakinada-Puducherry stretch of Canals and Kaluvelly tank, Bhadrachalam-Rajahumundry stretch of river Godavari and Wazirabad-Vijaywada stretch of river Krishna Act 2008
35	NW4 Kakinada-Puducherry stretch of Canals and Kaluvelly tank, Bhadrachalam-Rajahumundry stretch of river Godavari and Wazirabad-Vijaywada stretch of river Krishna Act 2008
36	The Merchant Shipping (Form of Certificate of Insurance for Civil Liability for Oil Pollution Damage) Rules, 1985.
37	Indian Carriage Goods Sea Act 1925

## 2. Atomic Energy

**Table 56- Atomic Energy Act, Rules and Notifications**

Sr. No	Act, Rules and Notifications
1	Gazette Notification: Guidelines for Nuclear Transfers (Exports) (28-April-2016)
2	Gazette Notification on Schedule of prescribed substances under Atomic Energy Act, 1962 (28-April-2016)
3	Gazette Notification- Atomic Energy Amendment Act, 2015 (01-January-2016)
4	Gazette Notification- Nuclear Liability Fund Rules, 2015 (30-December-2015)
5	Amendment to para 8 on guidelines for co-operation with other countries regarding peaceful uses for Atomic Energy (April 2013)
6	Atomic Energy Radiation Processing of food and allied products rules 2012 (30-June-2012)
7	Notification of Civil Liability for Nuclear Damage Rules 2011 (11-Nov-2011)
8	Notification of coming into force of Civil Liability for Nuclear Damage Act 2010 (11-November-2011)
9	Guidelines for co-operation with other countries regarding peaceful uses for Atomic Energy (English Version) (04-June-2010)
10	DAE Recruitment and Promotion guidelines for Auxiliary Personnel (2010)
11	DAE Recruitment Rules for Administration and Accounts Personnel
12	Career Digest of Scientific and Technical Personnel (January 2010)
13	Civil liability for Nuclear Damage Act (22-September-2010)
14	Atomic Energy (Radiation Protection) Rules, 2004
15	Atomic Energy (Factories) Rules, 1996
16	Atomic Energy (Safe disposal of radioactive wastes) Rules, 1987
17	Notification (July 15, 2005): w.r.t Rule 13 of Atomic Energy (Working of the mines, minerals and handling of prescribed substances) Rules, 1984
18	Atomic Energy (Working of the mines, minerals and handling of prescribed substances) Rules, 1984

19	Atomic Energy (Arbitration Procedure) Rules, 1983
20	The Atomic Energy Act, 1962

### 3. Power Sector- Acts and Notifications

**Table 57- Power Sector- Acts and Notifications**

Date	Subject
02/09/2016	Date of Effect of DMF Contribution
11/03/2016	Gazette Notification S.O. 645 (E) dated 02.03.2016 regarding delegation of the powers of Coal Controller to State Governments – reg
21/01/2016	Gazette Notification dated 10.12.2013 regarding Board of Trustees
18/11/2015	Gazette Notification dated 10th Nov 2015 regarding Procedure of collecting the auction proceeds and the amount realised from allotment by Nominated Authority
02/11/2015	Gazette Notification dated 20th Oct 2015 regarding Mines and Minerals (Contribution to District Mineral Foundation) Rules
21/05/2015	Gazette Notification dated 11/05/2015 regarding sub-section (1) of Section 26 of the MMDR Act
11/05/2015	Publication of Notification in Part II Section 3 – Sub-section (ii) in the Gazette of India regarding de-allocation of Chhatrasal coal block
01/04/2015	The Coal Mines (Special Provisions) Act. 2015 dated 30th March
19/02/2015	The Gazette of India Notification of Modification in Schedule -III New Delhi the 11th February
29/12/2014	The Coal Mines (Special Provisions) Second Ordinance
26/12/2014	Notification regarding Modification in Schedule-III of the Coal Mines (Special Provisions) Ordinance 2014
11/12/2014	Gazette Notification on The coal Mines (Special Provisions) Rules
10/12/2014	Rules made under section 27 of the Coal Bearing Areas(Acquisition and Development) Act
05/11/2014	Letter Dated 29th October
22/10/2014	The Coal Mines (Special Provisions) Ordinance
23/05/2014	Notification No. S.O 411(E) dated 19 February 2013
23/05/2014	Notification No. S.O 3609(E) dated 10 December 2013
25/03/2014	Notification regarding Coal Regulatory Authority
24/01/2014	To the Prior allottees of 204 coal blocks as per Schedule – I of the Coal Mines (Special Provisions) Ordinance
08/10/2013	Coal Mines (conservation & Development) Amendment Rules
08/10/2013	Notifications related to Coal Mines Conservation & Development (Published on 25/06/2003)
08/10/2013	Ministry of Labour Notification No. P.F. 15(8) /49
08/10/2013	Mines & Minerals (Development & Regulation ) Act
08/10/2013	Notification related to Mines and Minerals (Development and Regulation) Act
08/10/2013	Notification of Auction by Competitive Bidding of Coal Mines Rules

08/10/2013	Coal Mines (Conservation & Development) Act
08/10/2013	Ministry of Labour Notification No. P.F. 23(1) /49
08/10/2013	Notification regarding Colliery Control Order
08/10/2013	The Coal India (Regulation of Transfers and Validation Act
08/10/2013	Revision of royalty rates on Coal and Lignite
08/10/2013	Coal Mines (Conservation and Development) Rule
08/10/2013	Ministry of Labour Notification No. P.F. 23(1)/50
08/10/2013	Colliery Control Order
08/10/2013	Constitution of SLC (LT) Sponge Iron Units
08/10/2013	Notification No. GSR 816(E)
08/10/2013	The Coal Mines (Taking Over of Management) Act
08/10/2013	Ministry of Labour Notification No. G.S.R
08/10/2013	Colliery Control Rules
08/10/2013	Constitution of SLC (LT) Cement Plants
08/10/2013	Gazette Notification No. GSR 46(E) dated 24/01/2012
08/10/2013	The Coking Coal Mines (Emergency Provisions) Act
08/10/2013	Coal Mines Family Pension Scheme
08/10/2013	Notification No. S.O. 1141(E) regarding Under Ground Coal Gasification/Liquefaction.
08/10/2013	Constitution of SLC (LT) TPPS
08/10/2013	Note on revision of royalty on Coal and Lignite
08/10/2013	The Coal Mines Nationalisation Law (Amendment) Act
08/10/2013	Coal Mines Deposit Linked Insurance Scheme
08/10/2013	Notification regarding revision of rates of royalty on coal and lignite
08/10/2013	Publication of Corrigendum to amend the Coal Mines Pension Scheme
08/10/2013	Price Notification dated 31.1.2012
08/10/2013	The Coking Coal Mines (Nationalisation) Act
08/10/2013	Ministry of Energy Notification S.O. 3241 dated the 21st November
08/10/2013	Reconstitution of Board of Trustees (BOT)
08/10/2013	Notifications related to Coal Mines Conservation & Development (Published on 2/8/80)
08/10/2013	Note on Pricing of Coal on GCV based grading system w.e.f. 1.1.2012
08/10/2013	The Coal Mines Nationalisation Laws (Amendment) Act 1978
08/10/2013	Notification for Coal Bearing Areas Acquisition & Development Act
08/10/2013	Amendment in Coal Mines Pension Scheme – 1998 – Issue of notification
08/10/2013	Notifications related to Coal Mines Conservation & Development (As Amended on 15/12/1980)
08/10/2013	Corrigendum dated 14/06/2012
08/10/2013	The Coal Mines (Nationalisation) Amendment Act
08/10/2013	Coal Bearing Areas Acquisition & Development Act
08/10/2013	Notification dated 22/6/2010 from website of Central Board of Excise and Customs regarding levy of Clean Energy Cess on raw coal

08/10/2013	Notifications related to Coal Mines Conservation & Development (Published on 17/01/1981)
08/10/2013	Gazette Notification regarding Auction by Competitive Bidding of Coal Mines (Amendment) Rules
08/10/2013	The Coking & Non Coking Coal Mines (Nationalization) Amendment Act
08/10/2013	The Coal Mines (Nationalisation) Act (26 of 1973)
08/10/2013	Gazette Notification regarding switch over from UHV to GCV.
08/10/2013	Notifications related to Coal Mines Conservation & Development (Published on 14/02/1987)
08/10/2013	The Coal Mines (Nationalisation) Amendment Act
08/10/2013	Coal Mines Provident Fund Scheme
08/10/2013	Mineral Concession Rules
10/02/2012	Notification of Auction by Competitive Bidding of Coal Mines Rules
16/01/2006	Coal Mines Provident Fund and Miscellaneous Provisions Act
16/01/2006	Coal Mines Pension Scheme 1998

#### 4. Mining Industry

Mining of various major and minor minerals is regulated by various legislations related to mining and environment. The actions within the mines are regulated by the mining legislations while those outside the mines are governed by environmental and other legislations.

The environmental aspects of the mining areas, i.e., work place environment, are governed by the mining legislation.

In the Mining Sector the following Acts, Rules and Notifications are applicable:

**Table 58- Mining Industry Acts and Rules**

<b>Sr. No</b>	<b>Acts and Rules</b>
1	The Mines Act, 1952 and The Mines Rules, 1955
2	The Metalliferous Mines Regulations, 1961
3	The Mines and Minerals (Development and Regulation) (MMRD) Act, 1957
4	The Mineral Conservation and Development Rules (MCDR), 1988
5	The Mineral Concession Rules (MCR), 1960.
<b>Sr. No</b>	<b>Environmental Legislations</b>
1	The Water (Prevention and Control of Pollution) Act, 1974 and Rules
2	The Water (Prevention and Control of Pollution) Cess Act, 1977 and Rules
3	The Air (Prevention and Control of Pollution) Act, 1981 and Rules
4	Relevant provisions under Environmental Protection Act and Rules, 1986 <ul style="list-style-type: none"> <li>• The Environment Impact Assessment Notification 1994 &amp; 1997</li> <li>• The Noise Pollution (Regulation and Control) Rules, 2000</li> <li>• The Municipal Solid Waste (Management &amp; Handling Rules), 2000</li> </ul>

## 5. Oil and Gas Industry

Table 59- Oil and Gas Industry Acts and Rules

Sr. No	Act/Rules
1	The Petroleum and Natural Gas Regulatory Board Act 2006
2	Oilfields (Regulation and Development) Act, 1948
3	Petroleum and Natural Gas Rules, 1959
4	Land acquisition Act, 1894
5	The Petroleum Act, 1934
6	The Petroleum and Minerals Pipeline Act, 1962
7	The Oil Industry (Development) Act, 1974

Figure 16 : Policy, Legislation and Regulatory Framework

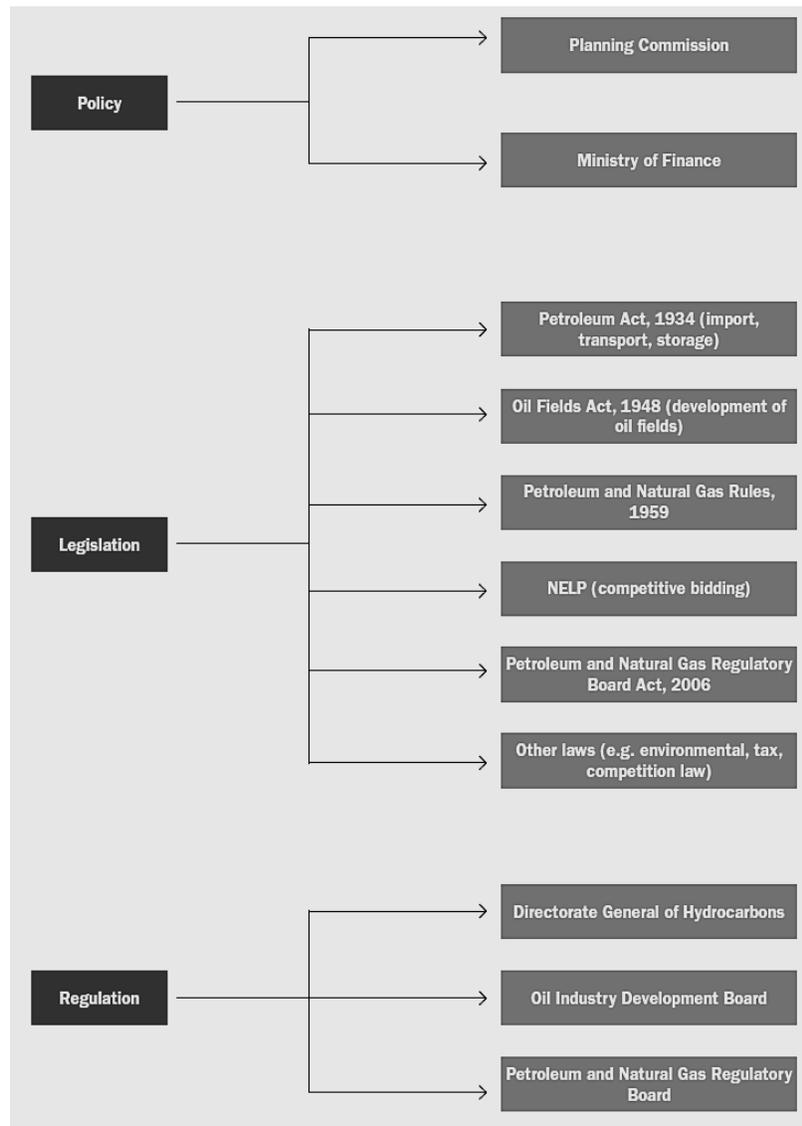


Table 60- Railway Industry Act and Rules

PART A – Act	PART B – Codes	PART C – Manuals	Others
Indian Railway Board Act, 1905	Indian Railways Administration and Finance an Introduction	Indian Railways Establishment Manual Volume-I	Rules for entering into Supply Contracts
The Railways Act, 1989	Indian Railways Code for the Accounts Department Part – I	Indian Railways Establishment Manual Volume-II	Manual of Statistical Instructions Volume – I
Railway Protection Force Act, 1957	Indian Railways Code for the Accounts Department Part – II	Indian Railway Commercial Manual Volume-I	Manual of Statistical Instructions Volume – II
	Indian Railways Finance Code Volume – I	Indian Railway Commercial Manual Volume-II	Railway Board's MOP
	Indian Railways Finance Code Volume – II	Indian Railways Work Manual	Consolidated List of Subjects Dealt with by Various Branches in the Ministry of Railways
	Indian Railways Establishment Code Volume- I	Indian Railways Permanent Way Manual	
	Indian Railways Establishment Code Volume – II	Manual for fusion Welding of Rail By the Alumino-Thermic Process	
	Indian Railways Code for Traffic (Commercial) Department	Manual For Flash Butt Welding of Rails	
	Indian Railways Code for the Stores Department Volume – I	Manual to Glued Insulated Rail Joints	
	Indian Railways Code for the Stores Department Volume – II	Indian Railways Manual of AC Traction Maintenance and Operation Volume- I	
	Indian Railways Code for the Engineering Department	Indian Railways Manual of AC Traction Maintenance and Operation Volume-II (Part- I)	
	Indian Railways Code for the Mechanical Department (workshops)	Indian Railways Manual of AC Traction Maintenance and Operation Volume-II (Part-II)	

	Railways service (Pension) Rules – 1993	Indian Railways Manual of AC Traction Maintenance and Operation Volume – III	
	Operating Manual for Indian Railways	Compendium of Instructions on AC & TL Coaches	
		Indian Railway Medical Manual Volume-I	
		Indian Railway Medical Manual Volume-II	
		Indian Railway Small Track Machine Manual	
		Indian Railway Telecommunication Manual	
		Indian Railways Track Machines Manual – RDSO	
		Signal Engineering Manual Part – I	
		Signal Engineering Manual Part – II	
		Internal Audit Manual	
		Manual for fusion welding of rails by the alumino-thermic process	
		Manual for Flash Butt Welding of Rails (Revised –Jan 2012)	
		Manual for Ultrasonic Testing of Rails and Welds (Revised-2012)	

## 6. Construction Industry

**Table 61- List of Legislations: Ministry of Urban Development**

Sr. No	Legislations
1	The Delhi Development Act, 1957
2	The Delhi Urban Art Commission Act, 1973
3	National Capital Region Planning Board Act, 1985
4	The National Capital Territory of Delhi Laws (Special Provisions) Second (Amendment) Act 2014

5	The National Capital Territory of Delhi Laws (Second Provisions) Second Act, 2011
6	Delhi Rent Control Act, 1958
7	Delhi Rent Control Rules, 1959
8	The Constitution (Seventy – Fourth Amendment) Act, 1992 Background
9	Urban Land(Ceiling & Regulation) Repeal Act , 1999
10	Legislative Initiative by the Ministry
11	Metro Railways Construction Act 1978
12	The Metro Railways (Operation and Maintenance) Act, 2002
13	Model Municipal Law
14	Model Building Bye Laws
15	Legislative Competence for Metro Rail System in the country
16	Promotion of non-handicapping Environment for the Disabled and Elderly Persons

**Table 62- Laws impacting the growth of Construction Industry**

Sr. No	Laws
1	Transfer of Property Act, 1882
2	Land zoning laws in various states
3	Land ceiling laws of various states
4	Environmental laws
5	Exchange control & foreign investment laws
6	Income Tax Act, 1961
7	Indirect taxation laws (Excise, Customs, Sales tax etc.)
8	Stamp duty laws of various states
9	Labour laws

**7. Transportation****Table 63- Ministry of Road Transport and Highways Act/Rules/Notifications**

Sr. No	Laws
1	National Highways Authority of India (Amendment) Act, 2013
2	Motor Vehicles Act 1988
3	Central Motor Vehicles Rules 1989
4	Notifications under Motor Vehicle Legislation
5	Carriage by Road Act and Rules
6	Central Road Fund Act and Rules

7	Control of National Highways (Land and Traffic) Act 2002
8	National Highways Fee (Determination of Rates and Collection) Rules
9	National Highways Act 1956
10	National Highways Rules 1957
11	Notifications on National Highways
12	National Highways Tribunal Rules
13	National Highways Authority of India Act 1998
14	Road Transport Corporations Act 1950
15	Notifications regarding Automotive Industry Standards

## ANALYSIS AND INTERPRETATION

### 5.1 Analysis on Exemptions Granted to Government Companies : A Corporate Governance Perspective

By virtue of the powers conferred by section 462 of the 2013 Act on the Central Government, a notification was issued on June 5, 2015 exempting government companies from various provisions of the 2013 Act. Further an attempt has been made to examine a few of the key exemptions from a corporate governance perspective.

#### a) Disclosures

Section 134 provides for the contents of the Financial Report, Directors Report etc. Section 134(3) (e) pertains to a statement on the Board's policy as regards to the positive attributes of directors, independence of directors and remuneration of directors and key managerial personnel. Government companies have done away with the requirement of a remuneration and nomination committee under the 2013 Act, but disclosures on such vital topics, such as this, which are indicators of corporate governance should not have been exempted.

#### b) Self-Assessment by the Board

Section 134(3)(p) provides for self-assessment of directors by the board. However, this evaluation is left to the Central Government or State Government in case of CPSEs and SLPEs, as the case may be. When all companies require their board to assess themselves, allowing a controlling shareholder to evaluate the board not only appears somewhat strange but could be less protective of the interests of the minority shareholders. This is because the Government's evaluation could be susceptible to a reflection of its own vested interest, which may not necessarily be consistent with the interests of the company as a whole or the other shareholders.

#### c) Limit on number of directors

Section 149(b) and the first proviso mandates a cap of 15 directors. An exemption in this case means more than 15 directors can be appointed in a government company which would create board governance problems. More importantly, various ministries appoint directors and they can have conflicting interests leading to more setbacks in an already slow system.

#### d) Threshold of managerial remuneration

A government company is not required to comply with limits for overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits laid down in section 197. A key managerial person should always have his or her incentives proportional to their deliverables. Providing security of incentives even for senior positions would enhance inefficiency in an already inefficient mechanism.

**e) Absence of pecuniary interest**

Section 149(6)(c) provides for the absence of pecuniary interest in any holding, subsidiary or associate company or its promoters or directors for two preceding/current financial year as a requisite for being appointed as an independent director. This is a very important criterion for selection of an independent director which is being relaxed. Already, independence is questionable due to political appointments; this would further dilute it.

**f) Safeguards against inter-corporate loans**

Section 186 enlists various safeguards regarding inter-corporate loans. This is also exempted under the guise of a mere permission from the relevant government (i.e. the concerned ministry). This decision is taken away from the board, leaving no room of disclosure or dissent by other minority investors. Also in this case, the board's duty to act in general interest of the company cannot be questioned for the decision does not lie in the realm of the board.

**g) Related Party Transactions**

Section 188(1) and (2) states that as regards to the transactions which are enlisted, if they are conducted with a related party, board approval is required. This includes sale and purchase of goods, availing or rendering of services, buying, disposing or leasing of properties, appointment of a related party to a office or place of profit etc. Here, the exemption that is carved out is when a government company transacts with another such company; on these points they would not require board approval. This is indirectly stating that since they are exempted, arm's length principle shall not apply. An approval from the concerned ministry is the only requirement for clearing related party transactions.

This could potentially cause exploitation of minority shareholders because of the so-called welfare oriented practices which leads to loss of revenue. This could jeopardize the minority shareholder's interest just as in the case of The Children's Investment Fund (UK) LLP ('TCIF') and Coal India. The Government of India is the controlling shareholder in Coal India Limited which entered into contracts to sell coal which was far lower than the market price. TCIF which was a 1% investor protected for the said transaction was against the interests of the company as it lead to a huge loss of revenue. Hence TCIF decided to resort to a class action suit under common law in Calcutta High Court in 2012. Also, from an investment point of view it is not a good move and is harmful for disinvestment prospects.

Finally, the notification concludes with a clause which requires that these changes need to be read in line with the interests of the shareholders. This is set to further create a conflict as to whether controlling or minority shareholders' interest gains precedence.

**5.2 Analysis on New Listing Obligations and Disclosure (Regulations) LODR 2015**

This analysis aims to provide an overview of selective key changes under the 2015 Regulations and its impact on listed entities.

**a) Material disclosures**

The 2015 Regulations have rearranged and augmented the existing disclosure obligations of a listed entity. Regulation 30 which corresponds to Clause 36 of the equity listing agreement requires every listed entity to make such event based and information disclosures which are "material" in the opinion of the board of directors.

- **Deemed material** : Certain events as provided in Schedule III<sup>1</sup> are deemed “material” and they incorporate the earlier disclosures of Clause 36, such as:
  - acquisition of control, shares or voting rights<sup>2</sup> (direct or indirect),
  - forms of inorganic restructuring like schemes of arrangement, sale or disposal of units, business divisions, subsidiaries;
  - organic restructuring of share capital like issuance, forfeiture, split-ups, consolidation, transfer restrictions; and
  - revision of ratings.

However, the 2015 Regulations also include new disclosure obligations with an objective to promote informed investor decision making.

Firstly, board decisions pertaining to dividends, cash bonuses, buy-back, funding, issue of bonus shares, re-issue of forfeited shares, capital alterations, financial results, and voluntary delisting shall be considered “material”. The listed entity must disclose such decision to the stock exchange within 30 minutes from the closure of the board meeting. Non-compliance may result in fines, suspension of trading, freezing of promoter or promoter group shares or any other action as determined by SEBI. Under the old clause, there was no such requirement; and listed companies were only mandated to disclose the relevant information immediately. This permitted companies to make disclosures within a reasonable time period. With specified time-frame under the 2015 Regulations, companies have to ensure that the compliance officer prepares the disclosure statement in prescribed formats<sup>3</sup> and uploads it with the stock exchanges within 30 minutes. This short time frame may be unrealistic and is likely to create technical issues such as failure of connectivity, inadequate detailing, etc. if the prescribed formats are too elaborate.

Secondly, it is mandatory to disclose frauds and defaults committed by promoter, key managerial personnel or the company itself, as well as any arrest of the promoters or key managerial personnel. Fraud is committed when there is an act or omission with intent to deceive, irrespective whether there is any gain or not. In a fraud allegation, the accused must prove that the intent was absent based on lack of active participation, connivance or any knowledge of the alleged acts. Generally, such argument will necessitate production of documented proofs of board processes like meeting papers, minutes, etc. Further, involvement in fraud and statutory default are disqualifications for continuation and appointment as directors or key managerial personnel under the Companies Act. Thus, it becomes extremely important that directors and managerial personnel highlight their reservations and insist on recording their dissent in board noting and minutes. It also mandates companies to put in place effective vigil mechanism which will ensure protection of whistleblowers against any victimization, and not just as a listing compliance.

---

1. Paragraph A of Part A of Schedule III

2. Acquisition of shares or voting rights by the listed entity is such that (i) it holds 5% or more of the shares or voting rights of the acquired entity, or (ii) there is a 2% or more change in acquired company's holding as per last disclosures due to every subsequent acquisition of shares or voting rights

3. The prescribed formats are yet to be notified

- **Materiality thresholds** : Apart from disclosure of deemed “material” events and information, certain events as specified in Paragraph B of Schedule III shall be disclosed if they trigger the materiality thresholds.

These events include:

- commencement of business of any unit/division or delay in commencement;
- change in the character and nature of the business;
- capacity addition or product launch;
- effects due to change in the regulatory framework;
- granting, withdrawal, suspension or cancellation of licenses;
- litigation, disputes or regulatory assessment and their impact; etc.

An event or information is material if omission of the event or disclosure of information is likely to result in (i) discontinuity or alteration of already available public information; or (ii) significant market reaction. Based on these guidelines, the board must frame a policy for determination of materiality, identify suitable events and information for reporting, and upload details on the website. The board is also empowered to authorize one key managerial personnel for the purpose of determining materiality.

This element of subjectivity and the board’s determination of appropriate timing for making disclosures may not necessarily be binding on SEBI. For instance, SEBI recently imposed a penalty of INR 20 million (about US\$ 308,700) on NDTV for delayed disclosure of tax claim amounting to INR 4.5 billion (about US\$ 70 million) raised by the Income Tax department.<sup>1</sup> NDTV informed the stock exchanges about the claim after a stay order was passed by the Income Tax Appellate Tribunal in the matter. While imposing the penalty, SEBI observed that the belated disclosure as such did not affect the scrip price, nonetheless such disclosure was material and should have been made as soon as the claim was raised. This indicates the cautious approach of SEBI regarding material disclosures. Accordingly, companies must ensure that they determine materiality of events and disclosure timing rather meticulously and provide impact assessments of such disclosures to the stock exchanges.

#### **b) Stricter governance requirements on board of directors**

The 2015 Regulations in certain instances moves beyond mere alignment with governance requirements and thresholds as provided under the Companies Act and adopts a stricter approach towards the composition of board, its committees and the duties of directors. It tends to retain the higher requirements of Clause 49 of the equity listing agreement as well as amends some of the voluntary guidelines, to make them mandatory.

#### **c) Board composition and its committees**

For instance, as per Companies Act, at least 1/3rd of the board of directors of a listed company must comprise of independent directors. However, Regulation 17 retains the earlier threshold requiring 50% of the board to be independent, if the chairperson is not a non-executive director. Similarly, while the

---

1. Adjudication Order No. AO/PJ/JAK 1 of 2015 dated June 4, 2015

Companies Act requires that the audit committee members must be financially literate (i.e. capable of reading and understanding financial statements), Regulation 18(1)(c) maintains the mandate of having at least 1 member who possesses “accounting or related financial management expertise”.<sup>1</sup> Further, it also retains the requirement of valid quorum of at least 2 independent directors for conducting an audit committee meeting, thereby making it indirectly imperative for all listed companies to appoint at least 2 independent directors. The 2015 Regulations also provide for constitution of “risk management committee” for top 100 listed entities determined on the basis of market capitalization at the end of previous financial year. Earlier, the listing agreement merely mandated the board to inform the shareholders regarding risk assessment and minimization procedures adopted for the same without requirement of a specific committee as such. Furthermore, constitution of remuneration committee and framing of whistleblower policy are now made mandatory compliances as opposed to voluntary practice under the listing agreement. Additionally, Regulation 46 requires disclosure of composition of various board committees on company’s website.

#### d) Duties of the Board

Section 166 of the Companies Act codifies the fiduciary duties of directors and breach of the duties is punishable with fine between INR 100,000 (about US\$ 1,500) to INR 500,000 (about US\$ 7,700). The 2015 Regulations further elaborate these codified duties, and provide principle-based guidelines in Regulation 2. These principles impose a collective duty on the board of directors for ensuring good governance.

For instance, it is mandated that the board must:

- disclose any matter that directly affects the company;
- conduct itself so as to meet expectations of operational transparency while maintaining confidentiality;
- monitor effectiveness of governance practices;
- align managerial remuneration with long term interests of the company and the shareholders;
- ensure transparent nomination;
- monitor and manage conflict of interest;
- ensure integrity of accounting and financial reporting systems; etc.

These principles are subjective and whether the duty has been fulfilled or not will be determined on a case-to-case basis. Further, it is expressly provided that in case of any ambiguity or inconsistency between the principles and the specific regulations, the principles shall prevail. It is unclear at this stage as to how will listed companies’ boards ensure collective compliance with these ideologies and whether breach by any individual will result in impugning liability on the entire board as officer-in-default.

#### e) Related Party Transactions

Related party transactions (“RPTs”) continue to garner constant attention for Indian companies. The

1. A director will be considered to have “accounting or related financial management expertise” if he (i) possesses experience in finance or accounting, or (ii) is professionally qualified in accounting, or other such expertise, resulting in financial sophistication. Generally, holding position of CEOs, CFOs or other senior finance office will suffice.

2. 1 USD = INR 65 approximately

Companies Act initially mandated special resolution for specific RPTs exceeding prescribed threshold. The Ministry of Corporate Affairs through an amendment in 2015 replaced the requirement of special resolution by an ordinary resolution. It also issued a circular<sup>1</sup> clarifying that only such related parties who are related to the particular transaction should abstain from voting on the proposed resolution. One of the objectives for notifying the 2015 Regulations was to streamline the process of RPT approval for listed companies in light of these changes.

**f) Scope of RPTs**

The 2015 Regulations defines RPT as transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged. Further, “transaction” must be interpreted to include a single or a group of transactions under a particular contract. This definition is wider in scope than the Companies Act. As per Section 188 of the Companies Act, a transaction with related party is not an RPT and does not require prior board or shareholders’ approval as long as it is at an “arm’s-length” basis occurring in the “ordinary course of business”. In light of the scope of RPTs under the 2015 Regulations, the exemption is taken away irrespective of the size of the listed entity and the value of the transaction in question. Hence, any transaction which is a RPT will require not only prior audit committee approval as mandated under Regulation 23(2), but also require board approval. However, shareholders’ approval will be only necessitated if the transaction is a material RPT.

**g) Approval of RPTs:**

Regulation 23(1) requires every listed entity to formulate a policy on materiality of RPTs. It also provides that any transaction with a particular related party (taken individually or combined with other transactions during the financial year) which exceeds 10% of listed company’s annual consolidated turnover shall be considered a material RPT. It appears that a listed company may determine the variety of RPTs which will be classified as material ones. Since such materiality cannot transgress the threshold prescribed under the Companies Act; companies must take them into consideration while framing the policy on material RPTs. In order to align with the recent amendment in Companies Act, the 2015 Regulations substitute the old mandate of approving RPTs through special resolution, thereby permitting listed entities to approve RPTs through an ordinary resolution. But, the restriction on voting by related parties is not done away with, despite the clarification issued by the Ministry of Corporate Affairs which allows non-interested related parties to vote for approving a particular RPT. Regulation 23(4) read along with 23(7) states that while approving material RPTs, all related parties whether or not concerned with the particular RPT, must abstain from exercising their votes. Therefore, the RPTs approval process under the 2015 Regulations take away major exceptions and overall continue to remain stricter in comparison to the Companies Act.

**h) Corporate governance for listed start-ups**

In August 2015, SEBI amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 to enable listing of certain categories of start-ups<sup>2</sup> without undergoing an initial public offer. The underlying objective was to liberalize the stricter listing compliances and disincentives start-ups opting to list on foreign stock exchanges. These start-ups must alter their structure into public companies prior to listing. Further, they can raise capital only through rights issue and private placement (which were

1. General Circular No. 30/2014 dated July 17, 2014

2. Technology, intellectual property, data-analytics and other such IT intensive startups, having 25% paid-up capital held by qualified institutional buyers subject to other requirements (such as net tangible asset, funding restrictions) can list on the institutional trading platform of stock exchanges. Other startups which are not IT intensive will require to have paid-up capital held by 50% institutional investors.

otherwise available under Companies Act) and cannot invite retail investments or make any public offer. SEBI's model agreement for listing on the institutional trading platform did not relax the start-ups from complying with the corporate governance requirements as contained in the Companies Act. For instance, a listed start-up has to necessarily appoint 1/3rd of its board with independent directors, appoint 1 woman director, constitute board committees, set up vigil mechanism and put in place various internal controls and systems. Compliance with corporate governance provisions involves structural and compliance costs, substantial time for a start-up and continues to act as a deterrent for listing, despite floating of the alternative mechanism.

In order to exempt start-ups from such governance requirements, the 2015 Regulations seem to make a failed attempt. Regulation 15(2) exempts compliance with corporate governance practices for (i) companies with paid-up equity capital below INR 100 million (about US\$ 1.5 million) and net worth less than INR 250 million (about US\$ 3.9 million), and (ii) companies listed on SME exchanges. However, effect of such exemption is nullified by Regulation 15(3) which states that provisions of Companies Act shall apply where they are triggered. Thus, a listed start-up will continue to be governed by similar corporate governance parameters as that of a listed public company, even though it does not raise funds through a public offer.

Contravention of the 2015 Regulations will result in imposition of fines, suspension of trading, freezing of promoter or promoter group shares, or any other action as SEBI may deem fit. Further, the 2015 Regulations give statutory status to the contractual clauses of listing agreements and thus, breach of the 2015 Regulations will invoke penalty clauses under the SEBI Act. These regulations have stirred mixed reactions. Some brand them as "old wine in new bottle" while some are concerned about the method of its implementation. As discussed above, the new regulations retain stricter standards than the Companies Act in order to promote governance of listed entities and protect investor interests. The 2015 Regulations have adopted a unilateral approach for all kinds of businesses and the enthusiasm to ensure ethical conduct has resulted in some level of disconnect with the business realities. The timely compliances will involve cost and resources for listed entities and may cause implementation difficulties for medium and small companies. This makes the 90 day time period fairly critical for listed companies to assess their preparedness for ensuring compliance and avoiding hefty penalties.

**i) Corporate Governance- Comparative Analysis of SEBI (LODR) Regulations 2015 with Companies Act 2013 for Public Sector Enterprises**

**Table 64- Memorandum of Company**

Provisions under Listing Regulations	Provisions under Companies Act 2013
No Such Regulation exists	Section 4(1) (a) in case of Government Companies the words 'in the case of public limited company or the last word 'Private Ltd' in case of private Ltd companies shall be omitted. [Notification No GSR 463 dated 5-6-2015]

Table 65- Board Composition

<b>Provisions under Listing Regulations</b>	
<p>Regulation 17 (1) provides that</p> <p><b>At least 50% of the Board of Directors shall comprise of:</b></p> <ul style="list-style-type: none"> <li>• Non-Executive Directors.</li> </ul>	<p><b>At least 1/3rd of the BOD's shall comprise of independent directors</b></p> <ul style="list-style-type: none"> <li>• If the chairperson of the BOD's is a Non-Executive Director</li> </ul>
<p><b>At least 50% of the BOD's shall comprise of Independent Directors:</b></p> <ul style="list-style-type: none"> <li>• If the chairperson of the BOD's is not a Non-Executive Director <b>OR</b></li> </ul>	<p><b>At least 50% of the BOD's shall comprise of Independent Directors:</b></p> <ul style="list-style-type: none"> <li>• If the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors</li> </ul>
<b>Provisions under Companies Act 2013</b>	
<p>Section 149 (4) provides that every public listed company shall have at least 1/3rd of the total number of directors as independent directors and Central Government may further prescribe minimum number of independent directors in any class or classes of company</p>	<p>Rule 4 of the companies (appointment and Qualification of Directors) Rules 2014 prescribes that the following class or classes of companies shall have at least 2 independent directors:</p> <ul style="list-style-type: none"> <li>• Public companies having paid up share capital of 10 crore rupees or more</li> <li>• Public companies having turnover of 100 crore rupees or more or</li> </ul> <p>Public companies which have in aggregate outstanding loans, debentures and deposits, exceeding 50 crore rupees.</p>

### Exemptions

- In case of government companies in section 149, in sub-section 6 in clause (a) for the word "Board", the words "Ministry or Department of the Central Government" which is administratively in-charge of the company, or as the case may be, the State Government" shall be substituted. [Notification no GSR 463 (E) dated 5-6-2015]
- In case of government companies Section 149 (6) (c) shall not apply. [Notification no GSR 463 (E) dated 5-6-2015]
- In case of government companies Section 152 (5) on Appointment of Directors shall not apply where appointment of such director is done by the Central Government or State Government as the case may be. [Notification No GSR 463 (E) dated 5-6-2015]
- Section 162 Appointment of Directors to be Voted Individually & Section 163 Option to adopt Principle of proportional representation for appointment of directors, shall not apply to Government companies in which the entire paid up share capital is held by the Central Government or by the

State Government/s or by the Central Government and one or more State Governments

- A subsidiary of a Government company as mentioned above in which the entire paid up share capital is held by that government company.[Notification no GSR 463 (E) dated 5-6-2015]
- Section 164 (2) Disqualification for Appointment of Director shall not apply to Government Companies.[Notification no GSR 463 (E) dated 5-6-2015]

**Table 66- Appointment of Women Director**

<b>Provisions under Listing Regulations</b>	<b>Provisions under Companies Act 2013</b>
Regulation 17(1) (a): The Board of Directors of the listed entity shall have at least one women director	<p>Section 149 (1) and Companies (Appointment and Qualification of Directors) Rules, 2014.</p> <p>Rule (3) read with Section 149 (1) provides that-</p> <ul style="list-style-type: none"> <li>• Every Listed company</li> <li>• Every other public company having-               <ol style="list-style-type: none"> <li>a) Paid up Share Capital of Rs 100 Crores or more or</li> <li>b) Turnover of Rs 300 Crores or more shall appoint at least one Women Director.</li> </ol> </li> </ul> <p>A company shall comply with the provisions within a period of 6 months from the date of its incorporation. Any intermittent vacancy of a woman director shall be filled up by the board at the earliest but not later than immediate next board meeting or 3 months from the date of such vacancy whichever is earlier.</p>

**Table 67- Maximum Number of Directorship of Independent Director's**

<b>Provisions under Listing Regulations</b>	<b>Provisions under Companies Act 2013</b>
<p>Regulations 25 (1):A person shall not serve as an independent director in more than 7 listed entities.</p> <p>Any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more than 3 listed entities.</p>	<p>Section 165: A person shall hold office as a director, including any alternate directorship in not more than 20 companies at the same time.</p> <p>The maximum number of public companies in which a person can be appointed as a director shall not exceed 10.</p>

**Table 68- Maximum Tenure of Independent Director's**

<b>Provisions under Listing Regulations</b>	<b>Provisions under Companies Act 2013</b>
Regulation 25 (2): It shall be in accordance with the Companies Act 2013 and rules made thereunder, in this regard from time to time.	<p>Section 149 (10) &amp; (11) : Subject to the provisions of Section 152 (2) an independent director shall hold office for a term upto 5 consecutive years on the board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.</p> <p>No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of 3 years of ceasing to become an independent director.</p>

**Table 69- Performance Evaluation of Director's**

<b>Provisions under Listing Regulations</b>	<b>Provisions under Companies Act 2013</b>
<p><b>Schedule II Part D</b></p> <p>(1) The nomination and remuneration committee of the listed entity shall lay down the evaluation criteria for performance evaluation of Board of Directors and independent directors and disclose the criteria in its annual report.</p> <p>(2) On the basis of the report of performance evaluation conducted by the entire Board of Directors it shall be determined whether to extend or continue the term of appointment of the independent director.</p> <p><b>Regulation 17 (10)</b></p> <p>The performance evaluation of independent directors shall be done by the entire board of directors: Provided that in the above evaluation the directors who are subject to evaluation shall not participate.</p>	<p><b>Schedule IV – (VIII) Code for Independent Directors</b></p> <p>The performance evaluation of independent directors shall be done by the entire board of directors, excluding the director being evaluated.</p> <p>On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.</p>

**Exemption**

- In case of Government Companies Section 178 (2) (3) (4) under Nomination and Remuneration Committee and Stakeholders relationship committee, shall not apply to Government Company except with regard to Senior Management and other Employees.[Notification No GSR 463 (E) dated 5-6-2015]

- In case of Government Companies Section 134 (3) (p) Disclosure requirement in the Board's report on performance evaluation shall not apply in case the directors are evaluated by the ministry or department of the Central Government which is administratively in charge of the company or as the case may be, the state government as per its own evaluation methodology. [Notification no GSR 463 (E) dated 5-6-2015]
- In case of Government Companies Section 134 (3) (e) shall not apply.

**Table 70 – Separate Meeting of Independent Director's**

Provisions under Listing Regulations	Provisions under Companies Act 2013
Regulation 25 (3): The Independent Director of the listed entity shall hold at least one meeting in a year, without the attendance of non independent directors and members of management.	Section 149 read with Schedule IV: Independent Directors of the company shall hold at least one meeting in a year without the attendance of non independent directors and members of the management.
All the independent directors of the listed entity shall strive to be present at such meeting.	All the independent directors of the company shall strive to be present at such meeting.  Here 'year' means calendar year as referred in SS-1.

**Table 71- Familiarisation Programme for Independent Director**

Provisions under Listing Regulations	Provisions under Companies Act 2013
Regulation 25(7) : the listed entity shall familiarise the independent directors with the listed entity, their roles, rights responsibilities in the listed entity nature of the industry, business model etc.	Schedule IV (III) (1), specifies that the Independent Directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company.
The details of such familiarisation programme shall be disclosed on listed entity website and a weblink thereto shall also be given in the annual report	

**Table 72- Offences to be Non-Cognisable**

Provisions under Listing Regulations	Provisions under Companies Act 2013
<b>No Provisions</b>	Sub section (2) of section 439: No court shall take cognizance of any offence under this act which is alleged to have been committed by any company or any officer thereof, except on the complaint in writing of the registrar, a shareholder of the company or of a person authorized by the central government in that behalf

**Exemption**

- In case of Government companies in sub section (2) of section 439, the words “the registrar, a shareholder of the company or of “shall be omitted. [Notification no GSR 463 (E) dated 5-6-2015]

**Table 73 – Appointment of Key Managerial Personnel**

Provisions under Listing Regulations	Provisions under Companies Act 2013
<p><b>Chapter II, 4 (1) (f), (ii)</b></p> <p>(3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.</p> <p>(4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.</p>	<p>Sub section (4) of section 203: if the office of any whole time key managerial personnel is vacated, the resulting vacancy shall be filled –up by the board at a meeting of the board within a period of six months from the date of such vacancy.</p>

**Exemption**

- In case of Government companies in sub section (4) of section 203, the following sub-section will be inserted, namely –  
 “4(a) the provisions of sub-sections (1), (2), (3), and (4) of this section shall not apply to a managing director, or Chief Executive Officer or manager and in their absence, a whole time director of the Government Company”

**Table 74- Appointment and Remuneration of Managerial Personnel**

Provisions under Listing Regulations	Provisions under Companies Act 2013
<p><b>Schedule II Part D</b></p> <p>(1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;</p>	<p><b>Sec 196 (1):</b> No company shall appoint or employ at the same time a managing director or manager</p> <p><b>Sec 197 :</b> Provisions of Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits are exempted.</p>

**Exemption**

- In case of Government Companies, section 196(2), (4) and (5) shall not apply. **[Notification no GSR 463 (E) dated 5-6-2015]**
- In case of Government Companies Sec 197 shall not apply. **[Notification no GSR 463 (E) dated 5-6-2015]**

Table 75- Related Party Transactions

Provisions under Listing Regulations		Provisions under Companies Act 2013
<b>Schedule V</b>		Sub-section (1) of Section 188 lists down the related party transactions that require the consent of BOD's given by a resolution at the meeting of the board and subject to such conditions as may be prescribed.
A. Related Party Disclosure*:		
1. The listed entity shall make disclosures in compliance with the Accounting Standard on – Related Party Disclosures		
2. The disclosure requirements shall be as follows:		
In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.	
Holding Company	<ul style="list-style-type: none"> <li>• Loans and advances in the nature of loans to subsidiaries by name and amount.</li> <li>• Loans and advances in the nature of loans to associates by name and amount.</li> <li>• Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.</li> </ul>	
Subsidiary	• Same disclosures as applicable to the parent company in the accounts of subsidiary company.	
Holding Company	• Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	

**Exemption**

- In case of Government Companies First and Second Proviso to section 188(1) shall not apply to:
  - a) A government company in respect of contracts or arrangements entered into by it by any other government company.
  - b) A government company other than a listed company, in respect of contracts or arrangements other than those referred to in clause (a), in case such company obtains approval of the Ministry or Department of the Central Government which is administratively in charge of the company, or as the case may be, the State Government before entering into such contract or arrangement- Notification no GSR 463 (E) dated 5-6-2015.

\*The above disclosures shall be applicable to all listed entities except for listed banks.

**j) Payment of Bonus (Amendment) Act, 2015**

The Payment of Bonus Act, 1965 (Principal Act), provides for the mandatory annual payment of bonus to eligible employees of establishments which employ 20 or more persons. In accordance with the terms of the Principal Act, every employee who draws a salary of INR 10,000 or below per month and who has worked for not less than 30 days in an accounting year, is eligible for bonus (calculated as per the methodology provided under the Principal Act) with the floor of 8.33% of the salary payable to him/her and a cap on the maximum bonus statutorily payable (20% of the salary). Apart from seeking to broaden the eligibility limit, (from INR 10,000 set out under the Principal Act, the Amendment Act also raises the calculation ceiling for payment of bonus and retrospectively places the onus on employers to make payment of bonuses to eligible employees effective from 1 April 2014.

The Amendment Act has amended the Principal Act in the following manner:

*Amendment of Eligibility Limit*

By amending Section 2(13) of the Principal Act, the Amendment Act has now widened the scope of employees eligible for payment of bonus from those drawing salary of INR 10,000 per month, to INR 21,000 per month.

The amendment in the eligibility limit appears to be an initiative which forms a part of the Central Government's pro-labour policy. Interestingly, the last amendment to the eligibility limit was carried out in the year 2007 and over the past decade, the economy has seen significant reforms. These economic reforms have contributed towards an exponential increase in pay-scales making this amendment to the Principal Act very important to the larger populace of the workforce which earns between INR 10,000 and INR 21,000 per month.

*Calculation of Bonus*

Taking the demands of the trade unions head on, Section 12 of the Principal Act has been amended to state that where the salary or wage of an employee exceeds INR 7,000 per month or the minimum wage for the scheduled employment, the bonus payable to such employee shall be calculated as if his salary or wage were INR 7,000 per month or the minimum wage for the scheduled employment, whichever is higher.

The Principal Act provided that the bonus payable to an employee shall be in proportion to his/her salary. However, where an employee's salary was over INR 3,500 per month, for the purposes of calculating bonus, the salary was to be assumed to be INR 3,500 per month. With a view to maximize bonus earnings, the Amendment Act has increased the wage ceiling for calculation to INR 7,000 and has also factored in possibilities where the minimum wage payable to such employees may be over INR 7,000, thereby giving employees the flexibility to draw a higher amount as bonus.

While this appears to be yet another attempt made by the Government at ensuring employee satisfaction, the inclusion of the minimum wage component in calculating bonus may hinder with the accounting policies of companies having a national presence. It may be noted that in accordance with the provisions of the Minimum Wages Act, 1948, minimum wage rates may be prescribed at a State as well as a Central level. More often than not, publication of notifications pertaining to minimum wage rates are delayed and have been subject to anomalies. Aggregating relevant data pertaining to minimum wage rates and ensuring that accurate calculations are made, for each state, may

obstruct companies in processing the payment of bonuses.

#### *Retrospective Applicability*

The Amendment Act is effective from 1 April 2014. The Amendment Act is certainly a significant step in the interest of the workforce. However, employers should have been provided with a specified timeframe to factor in the increased costs in their accounts in order to comply with the retrospective bonus payment obligations.

#### *Analysis*

While the Amendment Act has been introduced at an opportune moment and with the intention of ensuring that labour laws progress in tandem with the extensive economic reforms that are underway, it is essential for the Government to be mindful of the employer's interest and finances when making any statutory amendments that have retrospective implication.

Hopefully, other labour reforms in the pipeline such as the Government's ambitious plan to reduce the number of labour laws by codifying laws related to industrial relations and social security under uniform codes, will also take into account the employer's interest and provide them with sufficient leeway to prepare and effectively deal with any retrospective amendments.

### **5.3 FINANCIAL ANALYSIS**

Without undertaking a financial analysis of the companies the study remains incomprehensive. In view of this, an endeavor is made in this section to ascertain the financial performance of selected Central Public Sector Enterprises. Various statistical tools have been used to observe the financial performance.

1) Standard Deviation and Coefficient of Variation: This univariate statistical tool will assist in comprehending the standard deviation and coefficient of variation of the Net Profit of profit making Central Public Sector Enterprises of selected sectors. Further, for the purpose of the study, the net profit of 2015-16 have been considered. The sectors selected for the analysis are-

- a) Coal
- b) Other Minerals & Metals
- c) Petroleum (Refinery & Marketing)
- d) Fertilizers
- e) Chemicals and Pharmaceuticals
- f) Medium & Light Engineering
- g) Transportation Equipment
- h) Consumer Goods
- i) Power Generation
- j) Trading & Marketing
- k) Transport Services
- l) `Contract & Construction
- m) Industrial Development & Tech. Consultancy

n) Financial Services

a) **COAL**

Companies	Net Profit ( INR in Lakhs)
Bharat Coking Coal Ltd.	76820
Central Coalfields Ltd.	191470
Coal India Ltd.	1634353
Eastern Coalfields Ltd.	86802
Mahanadi Coalfields Ltd.	418474
Northern Coalfields Ltd.	272250
South Eastern Coalfields Ltd.	324790
Western Coalfields Ltd.	29660
Mean ( $\bar{x}$ )	379327.375

$$\text{Standard Deviation (s)} = \sqrt{\Sigma(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 524499.917$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$524499.917 / 379327.375 \times 100 = 138.27\%$$

b) **OTHER MINERALS & METALS**

Companies	Net Profit ( INR in Lakhs)
Eastern Investment Ltd.	145
FCI Aravali Gypsum & Minerals (India) Ltd.	3420
Hindustan Copper Ltd.	4356
MOIL Ltd.	17298
National Aluminium Company Ltd.	73101
NMDC Ltd.	302833
Orissa Mineral Development Company Ltd.	1063
Uranium Corporation of India Ltd.	10213
Mean ( $\bar{x}$ )	51553.625

$$\text{Standard Deviation (s)} = \sqrt{\Sigma(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 104351.549$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 202.41\%$$

## c) PETROLEUM (REFINERY &amp; MARKETING)

Companies	Net Profit ( INR in Lakhs)
Bharat petroleum Corporation Ltd	743188
Chennai Petroleum Corporation Ltd.	77068
GAIL (India) Ltd.	229890
GAIL Gas Ltd.	3896
Hindustan Petroleum Corporation Ltd.	386274
Indian Oil Corporation Ltd.	1039903
Mangalore Refinery & Petrochemicals Ltd.	114816
Numaligarh Refinery Ltd.	122234
Mean ( $\bar{x}$ )	339658.625

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 367796.2044$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 108.3\%$$

## d) FERTILIZERS

Companies	Net Profit ( INR in Lakhs)
Brahmaputra Valley Fertilizer Corporation Ltd.	2850
Fertilizer Corporation of India Ltd.	865
Hindustan Fertilizer Corporation Ltd.	934014
National Fertilizers Ltd.	19709
Rashtriya Chemicals and Fertilizers Ltd.	19123
Mean ( $\bar{x}$ )	195312.2

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 413040.821$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 2114.77\%$$

## e) CHEMICALS AND PHARMACEUTICALS

Companies	Net Profit ( INR in Lakhs)
GOA Antibiotics & Pharmaceuticals Ltd.	230
Hindustan Insecticides Ltd.	183
Karnataka Antibiotics & Pharmaceuticals Ltd.	1951
Orissa Drugs & Chemicals Ltd.	146
Mean ( $\bar{x}$ )	627.5

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

**Standard Deviation (s) = 883.0026425**

**Coefficient of Variation (CV) =  $s / \bar{x} \times 100$**

**Coefficient of Variation (CV) = 140.72%**

**f) MEDIUM & LIGHT ENGINEERING**

Companies	Net Profit ( INR in Lakhs)
Andrew Yule & Company Ltd.	835
Balmer Lawrie & Co. Ltd.	16320
BEL Optronics Devices Ltd.	243
Bharat Dynamics Ltd.	56324
Bharat Electronics Ltd.	135767
Central Electronics Ltd.	856
Electronics Corporation of India Ltd.	7454
ITI Ltd.	25119
Rajasthan Electronics and Instruments Ltd.	1200
Scooters India Ltd.	548
Vignyan Industries Ltd.	45
Mean ( $\bar{x}$ )	22246.45455

**Standard Deviation (s) =  $\sqrt{\sum(x - \bar{x})^2 / n - 1}$**

**Standard Deviation (s) = 41372.96115**

**Coefficient of Variation (CV) =  $s / \bar{x} \times 100$**

**Coefficient of Variation (CV) = 185.97%**

**g) TRANSPORTATION EQUIPMENT**

Companies	Net Profit ( INR in Lakhs)
BEML Ltd.	5265
Cochin Shipyard Ltd.	27503
Garden Reach Shipbuilders & Engineers Ltd.	16072
GOA Shipyard Ltd.	6189
Hindustan Aeronautics Ltd.	165377
Hindustan Shipyard Ltd.	1900
Mazagon Dock Shipbuilders Ltd.	63782
Mean ( $\bar{x}$ )	40869.71429

**Standard Deviation (s) =  $\sqrt{\sum(x - \bar{x})^2 / n - 1}$**

**Standard Deviation (s) = 58892.15988**

**Coefficient of Variation (CV) =  $s / \bar{x} \times 100$**

**Coefficient of Variation (CV) = 144.09%**

## h) CONSUMER GOODS

Companies	Net Profit ( INR in Lakhs)
Artificial Limbs Manufacturing Corporation of India	4620
Cement Corporation of India Ltd.	5351
Hindustan Newsprint Ltd.	142
HLL Lifecare Ltd.	2888
Hooghly Printing Company Ltd.	13
Security Printing & Minting Corporation India Ltd.	20308
Mean ( $\bar{x}$ )	5553.666667

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 7559.021912$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 136.1\%$$

## i) POWER GENERATION

Companies	Net Profit ( INR in Lakhs)
NHDC Ltd.	63000
NHPC Ltd.	244014
NLC India Ltd.	120415
North Eastern Electric Power Corporation Ltd.	37255
NTPC Ltd.	1024291
Nuclear Power Corporation of India Ltd.	270744
REC Power Distribution Co. Ltd.	3617
SJVN Ltd.	140848
THDC India Ltd.	80902
Mean ( $\bar{x}$ )	220565.1111

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 314330.5519$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 142.51\%$$

## j) TRADING AND MARKETING

Companies	Net Profit ( INR in Lakhs)
Antrix Corporation Ltd.	20913
Central Cottage Industries Corporation of India Ltd.	21
Central Railside Warehouse Co. Ltd.	1114
Central Warehousing Corporation	19782
Cotton Corporation of India Ltd.	1169

HMT (International) Ltd.	49
India Trade Promotion Organisation	16528
Karnataka Trade Promotion Organisation	765
MMTC Ltd.	5486
MSTC Ltd.	5988
National Handloom Development Corporation Ltd.	2408
NTPC Vidyut Vyapar Nigam Ltd.	5032
Sidcul Concor Infra Company Ltd.	197
State Trading Corporation of India Ltd.	1786
Tamil Nadu Trade Promotion Organisation	2117
The Jute Corporation of India Ltd.	1089
Mean ( $\bar{x}$ )	5277.75

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 7143.03961$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 135.34\%$$

k) **TRANSPORT SERVICES**

Companies	Net Profit ( INR in Lakhs)
Air India Air Transport Services Ltd.	6879
Air India Charters Ltd.	36168
Airports Authority Of India	253736
Concor Air Ltd.	1510
Container Corporation Of India Ltd.	78693
Dredging Corpn. Of India Ltd.	7967
Kamarajar Port Ltd.	35072
Pawan Hans Ltd.	3728
Petronet Cck Ltd.	5941
Shipping Corporation Of India Ltd.	37729
Mean ( $\bar{x}$ )	46742.3

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 76630.45086$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 163.94\%$$

## I) CONTRACT &amp; CONSTRUCTION

Companies	Net Profit ( INR in Lakhs)
Braithwaite Burn & Jessop Construction Company Ltd.	4440
Bridge & Roof Co.(India) Ltd.	265
Hindustan Prefab Ltd.	1006
Hindustan Steelworks Costn. Ltd.	3690
Indian Railway Stations Devpt. Corporation Ltd.	115
Ircon Infrastructure & Services Ltd.	1422
Ircon International Ltd.	37927
Konkan Railway Corporation Ltd.	12950
Mineral Exploration Corpn. Ltd.	7676
Mumbai Railway Vikas Corporation Ltd.	4021
National Highways & Infrastructure Development Corpn. Ltd.	1123
National Projects Construction Corpn. Ltd.	1081
Nbcc (India) Ltd.	30880
Nbcc Services Ltd.	577
Rail Vikas Nigam Ltd.	28759
Mean ( $\bar{x}$ )	9062.133333

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 12731.51239$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 140.49\%$$

## m) INDUSTRIAL DEVELOPMENT &amp; TECH. CONSULTANCY SERVICES

Companies	Net profit ( INR in lakhs)
Agrinnovate India Ltd.	247
Central Mine Planning & Design Institute Ltd.	2848
Certification Engineers International Ltd.	928
EDCIL(India) Ltd.	3096
Engineering Projects (India) Ltd.	2455
Engineers India Ltd.	25831
HLL Infra Tech Services Ltd.	116
HSCC (India) Ltd.	5462
IIFCL Projects Ltd.	235
National Informatics Centre Services Incorporated	6873
National Research Development Corporation	5
National Small Industries Corporation Ltd.	10146
PFC Capital Advisory Service Ltd.	133
PFC Consulting Ltd.	3706

Power System Operation Corporation Ltd.	5555
Railway Energy Management Company Ltd.	314
Rites Ltd.	33892
Solar Energy Corporation Of India	1910
Telecommunications Consultants (India) Ltd.	3652
WAPCOS Ltd.	8383
Mean ( $\bar{X}$ )	5789.35

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 8832.572876$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 152.56\%$$

n) **FINANCIAL SERVICES**

Companies	Net Profit ( INR in Lakhs)
Balmer Lawrie Investments Ltd.	3563
Biotechnology Industry Research Assistance Council	328
Delhi Police Housing Corporation Ltd.	115
E. C. G. C. Ltd.	27623
Housing & Urban Development Corporation Ltd.	78379
IIFCL Asset Management Company Ltd.	94
India Infrastructure Finance Co. Ltd.	46850
Indian Railway Finance Corporation Ltd.	84869
Indian Renewable Energy Development Agency Ltd.	29804
Kumarakruppa Frontier Hotels Ltd.	683
National Backward Classes Finance & Devp.Co.	2406
National Film Development Corporation Ltd.	1310
National Handicapped Finance & Devpt. Corporation	838
National Minorities Devp. & Finance Corporation	2305
National Safai Karamcharis Finance & Devpt. Corporation	1139
National Scheduled Castes Finance & Devp. Corporation	4405
National Scheduled Tribes Finance & Devp. Corpn.	2168
Pfc Green Energy Ltd.	2260
Power Finance Corporation Ltd.	611348
Rural Electrification Corpn. Ltd.	562766
Mean ( $\bar{X}$ )	73162.65

$$\text{Standard Deviation (s)} = \sqrt{\sum(x - \bar{x})^2 / n - 1}$$

$$\text{Standard Deviation (s)} = 177800.3089$$

$$\text{Coefficient of Variation (CV)} = s / \bar{x} \times 100$$

$$\text{Coefficient of Variation (CV)} = 243.02\%$$

## Inference

It can be observed from the above analysis that the net profit of the selected Central Public Sector Enterprises (Cognate Group Wise) have varied substantially. Huge deviation in net profits can be observed in the case of Fertilizers (41340.821), Other Minerals & Metals (104,351.549), Coal (524,499.917), Power Generation (314,330.5519), Transportation Equipment (58,892.15988), Transport Services (76,630.45) and Financial Services (177800.3089). The huge variability in the net profits is substantiated with the Co-efficient of Variation values of the aforesaid cognate group of selected central public sector enterprises. Thus, higher coefficient of variation indicates that there is high variability in the net profits of selected public enterprises, thereby indicating volatility in their financial performance.

## Judging performance on Turnover basis

In order to comprehend the performance of Central Public Sector Enterprises, another criterion or variable that have been considered is 'Turnover', since it is a source of operating revenues and play a decisive role in the profits of the organizations. Thus, it triggers substantial academic and research interests to delve deep into the performance of central public sector enterprises of selected sectors. The sectors considered for observing the turnover are- Agro Based Industries; Mining; Steel; Power Generation and Trading & Marketing Services.

The statistical tool used to ascertain the turnover based performance is standard deviation and coefficient of variation and the period considered for the research study is 2009-10 to 2015-16.

### a) Agro Based Industries

Years	Turnover (INR Crore)
2009-10	762.52
2010-11	938.11
2011-12	1017.72
2012-13	786.83
2013-14	865.59
2014-15	1058.60
2015-16	932.93

$$\text{Mean } (\bar{x}) = 908.9$$

$$\text{Standard Deviation } (s) = 110.970336$$

$$\text{Coefficient of Variation } (CV) = s / \bar{x} \times 100$$

$$= 110.970336 / 908.9 \times 100 = 12.21\%$$

### b) Mining

Years	Turnover (INR Crore)
2009-10	48,556.04
2010-11	55,762.47
2011-12	70,049.61

2012-13	78,264.83
2013-14	80,365.90
2014-15	86,674.38
2015-16	94,839.08

**Mean ( $\bar{x}$ ) = 73501.75857**

**Standard Deviation (s) = 16570.51142**

**Coefficient of Variation (CV) = 22.54%**

**c) Steel**

Years	Turnover (INR Crore)
2009-10	55,472.97
2010-11	59,531.84
2011-12	66,328.52
2012-13	64,404.64
2013-14	66,742.50
2014-15	62,624.33
2015-16	55,269.10

**Mean ( $\bar{x}$ ) = 61481.98571**

**Standard Deviation (s) = 4822.171895**

**Coefficient of Variation (CV) = 7.84%**

**d) Power Generation**

Years	Turnover (INR Crore)
2009-10	63836.23
2010-11	74844.92
2011-12	87526.57
2012-13	12774.19
2013-14	100042.17
2014-15	104392.99
2015-16	104548.65

**Mean ( $\bar{x}$ ) = 78280.81714**

**Standard Deviation (s) = 32768.00962**

**Coefficient of Variation (CV) = 41.9%**

## e) Trading &amp; Marketing Services

Years	Turnover (INR Crore)
2009-10	161225.79
2010-11	187387.01
2011-12	224330.68
2012-13	200989
2013-14	200559.97
2014-15	197557.25
2015-16	192963.33

**Mean ( $\bar{x}$ ) = 195001.8614**

**Standard Deviation (s) = 18869.78441**

**Coefficient of Variation (CV) = 9.7%**

### Observation

From the above analysis it can be inferred that the turnover of agro based industries and steel sector have less deviations and more or less displays a consistency. On the contrary, the turnover of mining, power generation and trading & marketing services have registered a wide fluctuations. Especially, in the power generation sector, the year 2012-13 have registered a substantial drop in turnover in comparison to previous years as well as subsequent years.

Since all these sectors play a pivotal role in the economic development of India, requisite measures needs to be initiated to ensure consistency in the turnover, as volatility in turnover will have a debilitating impact on the profitability of the companies covered under these sectors.

### 5.4 DuPont Analysis

It will assist in comprehending the 'Return on Equity' generated by the sectors selected for the research study, i.e. Agro Based Industries; Mining; Steel; Power Generation and Trade & Marketing Services.

The formula of DuPont Analysis is –

Return on Equity = Net Profit Margin x Assets Turnover x Financial Leverage, which can be further broken down into following:

Return on Equity = Net Income / Sales x Sales / Total Assets x Total Assets / Equity

The period considered for the study is 2010 to 2016.

## Return on Equity

Sectors Years	2010	2011	2012	2013	2014	2015	2016
Agro Based Industries	18%	10%	-0.2%	-231%	-28%	-23%	13%
Mining	25%	43%	53%	18%	30%	26%	37%
Steel	16%	11%	8%	5%	6%	4%	-11%
Power Generation	10%	10.35%	11.08%	11.96%	10.26%	10.56%	9.81%
Trading & Marketing Services	0.42%	7.96%	5.96%	5.43%	3.99%	3.33%	-10.07%

## Inference

From the above analysis it can be stated that except mining and power generation sectors, others do not have an impressive performance as far as return on equity is concerned. It is interesting to note that the performance of agro based industries have not been abysmal as their return on equity have been into negative territory. In case of steel sector, the return on equity have moved southwards and in case of trading & marketing services sector the return on equity appears to be on a lower side and in 2015-16 it has forayed into negative zone. It is suggested that the companies falling under those sectors whose return on equity is on the lower side needs to initiate proper measures to strengthen profitability, efficient utilization of assets and financial leverage.

## MAJOR FINDINGS RECOMMENDATIONS AND CONCLUSIONS

The chapter begins with Major Findings on the amendments suggested by various committees in order to bring transparency in Corporate Laws and other laws relevant to the CPSEs.

### 6.1 Companies Act 2013 – Providing fillip to business activities

To make Company Law even more business friendly, the amendments have been moved and received the assent of president to:

- Make provisions where any employee can also authenticate documents; and Officers not more than one level below the directors who are in whole time employment, can be designated as KMP;
- Annual General meeting of unlisted company can be held anywhere in India;
- Wholly Owned Subsidiary (WOS) of foreign company can hold EGM outside India;
- No Central Government approval for payment of remuneration in excess of 11% of net profits.
- Money received under the private placement shall not be utilized unless the return of allotment is filed with the ROC; and Private Placement offer letter shall not contain any right of renunciation;
- Provide explicit penalties for failure to file documents and make declaration under section 90 of the Companies Act, 2013.

### 6.2 Simplification of forms and procedures for Easy Compliance

To make compliances and reporting easy and convenient to companies following major initiatives have been taken:

- Four prescribed forms have been discontinued along with substitution of a simple declaration instead of affidavits for several purposes.
- Procedural requirements for foreign nationals to be Directors in Indian Companies have been drastically reduced.
- Arrangements have been completed for integration of Name Availability, allotment of Direct Identification Number (DIN)
- Company Incorporation and Commencement of Business with the unified ebusiness portal being developed by the Ministry of Industries and Commerce.
- Fee payable by small companies for various services significantly reduced.
- Arrangements to enable Indian companies to follow new Accounting Standards, i.e. IndAS (compatible

with the International Financial Reporting Standards – IFRS) completed. This will facilitate access for Indian companies to international capital markets.

### 6.3 Major Finding: Dealing with Corporate Delinquency

SFIO completed the investigations in the affairs of 17 so-called 'Chit Fund Companies' unravelling their modus operandi. Apart from prosecuting such companies for failure of Companies Act, evidence gathered has been shared with the CBI which is looking into criminal offences of such companies.

Initial steps have been taken to cause merger of NSEL Limited with its parent company Financial Technologies (India) Limited to protect the interest of investors in NSEL on account of its regulatory defaults and the failure of the holding company to exercise oversight. This is the first ever initiative. Investigation in serious cases of online fraud have been completed. Lessons learnt in this investigation should play a positive role in checking such frauds.

### 6.4 Major Finding: Investor Education initiatives

1380 programs were conducted in various locations to familiarize small investors of the opportunities and pitfalls in making investments.

### 6.5 Major Finding: LODR (2015) Regulations

*Regulation 4(2) (d) - Role of Stakeholders in Corporate Governance*

SEBI should clarify that stakeholders referred to in this regulation refers to shareholders/ debentureholders/ other security holders only and does not cover creditors, employees, institutions, regulators etc. this is evident if one refers to Regulation 20 of the Regulations under which Stakeholders' Relationship Committee of a listed company is required to look into the mechanism of redressal of grievances of shareholders, debentureholders, and other security holders only.

### 6.6 Major Findings : Corporate Governance-DPE Guidelines 2015

#### **A. DPE CG Guidelines 2015 -(BPE No.2(11)/68-BPE(GM) dated 26th April, 1969) Restrictions on dealings by Public Enterprises with private firms where former top executives of the concerned enterprises have joined after retirement.**

1. There are at present restrictions on employment of retired officers of Government in private commercial undertakings. The question has been under consideration for some time whether the restrictions at present applicable to officers of Government should apply to officers of Public Enterprises also. After considering all the aspects of the question, it has been decided that if a top executive (and not only the Chief Executive) of a Public Enterprise on his retirement joins a private firm, no contract should be placed with that firm, without the approval of the Board of Directors of the concerned enterprise, for a period of two years following the retirement of that officer.
2. In cases where a Government officer after retirement from Government service accepts re-employment in a commercial undertaking within a period of two years from the date of his retirement, the following procedure will be followed:
  - a. As far as the retired officer is concerned, the existing procedure, under which the period of two years as laid down under Article 531-B, CSRs, would commence from the date of

retirement of the officer concerned, would continue to apply; and

- b. So far as giving contracts to the private firm which employs the officer in question after his retirement from the Public Enterprise is concerned, contracts with such firms should be entered into by the Public Sector Enterprise in question only after approval from the Board of Directors of the enterprise is obtained—this restriction will be effective for a period of two years from the date of retirement of the officer concerned from the public sector enterprise.
3. Ministry of Steel and Heavy Engineering etc, are requested to suitably address the enterprises under their control in this regard.

**B. DPE CG Guidelines 2015-[DPE OM No. 18(8)/2005-GM Dated 6th September 2012] Grading of CPSEs on the basis of their compliance with Guidelines on Corporate Governance for Central Public Sector Enterprises(CPSES).**

The modified format is to be filled by concerned CPSEs on quarterly basis and submitted only to their respective administrative Ministries/Departments within 15 days from the close of the each quarter. The quarterly Compliance reports are not required to be furnished to this Department. All administrative Ministries/Departments are requested to bring the contents of this O.M. to the notice of all CPSEs under their respective administrative jurisdiction and to furnish consolidated annual score and grading of CPSEs under their respective jurisdiction for the year 2012-13 and onwards within 31st May of every financial year in the enclosed prescribed format. The availability of annual grading of CPSEs on the basis of their compliance with Guidelines on Corporate Governance is even more significant as Corporate Governance has been incorporated as a performance parameter in MOUs of all CPSEs.

## 6.7 Eye Cache features of the Companies Act, 2013

### *Secretarial Audit*

Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, provides that every listed company and every prescribed company shall annex with its Board's Report, a Secretarial Audit Report, given by a Company Secretary in Practice, in Form MR- 3.

The Council at its 226th meeting held on November 21, 2014 after deliberating on the views that emerged from consultation meets and taking into consideration the views of members of Corporate Laws and Governance Committee, decided that the Scope of Secretarial Audit includes:

1. Reporting on compliance of five laws as mentioned in form MR-3
  - Companies Act, 2013 and the rules made thereunder
  - Securities Contracts (Regulation) Act, 1956 ('SCRA'), and the rules made thereunder;
  - Depositories Act, 1996, and the rules made thereunder
  - Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings
  - Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

2. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
3. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
4. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
5. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
6. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
7. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
9. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Release 1.2
10. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
11. Reporting on compliance of secretarial standards issued by the Institute of Company Secretaries of India
12. Reporting on Compliances with the Listing Agreement
13. Reporting on compliance of 'Other laws as may be applicable specifically to the company' which shall include all the laws which are applicable to specific industry for example for Banks- all laws applicable to Banking Industry; for insurance company-all laws applicable to insurance industry; likewise for a company in petroleum sector- all laws applicable to petroleum industry; similarly for companies in pharmaceutical sector, cement industry etc.
14. Examining and reporting whether the adequate systems and processes are in place to monitor and ensure compliance with general laws like Labour laws, Competition Law, Environmental Laws.
15. Examining and reporting specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.
16. In case of financial laws like tax laws and Customs Act etc., Secretarial Auditor may rely on the Reports given by statutory auditors or other designated professionals.

**Table 76- Requirements of Secretarial Audit**

Particulars	Statutory Audit	Internal Audit	Cost Audit	Secretarial Audit
Applicability	All Companies	Such class of companies as may be prescribed under Section 138 of CA 2013	Such class of companies engaged in the production of such goods or providing such services as may be prescribed under Section 148 of the CA 2013	Every Listed Company and a company belonging to other class of companies as may be prescribed under Section 204 of the CA 2013
Auditor	CA	CA / CWA (Practice)	CWA (Practice)	CS (Practice)

Scope of the Audit	Audit of the Financial Records and Financial Statement of the Company	Involves in the Audit of day to day function and activities of the company	Audit of the Cost records of the Company	Audit of the Secretarial Records and find out the Compliance Record under
				General Laws and Specific Law applicable on the Company
Reporting Point	Members	Board of Directors	Board of Directors	Members ( with the Annexure to Board Report)
Periodicity	Yearly	To be prescribed by Audit Committee / BOD	Yearly	Yearly

# **ANNEXURES**

## ANNEXURE 1

### COMPANIES (AMENDMENT) ACT, 2017: KEY HIGHLIGHTS

The Government of India (GOI) had received several representations from industry stakeholders for amending various provisions of Companies Act, 2013 (CA 2013) to ensure ease of doing business in India. Towards this, the Companies (Amendment) Act, 2015 (CA Amendment 2015) received the assent from the President of India on 25 May 2015 after both the houses of the Parliament approved the CA Amendment 2015.

The CA Amendment 2015 has been published in the Official Gazette on 26 May 2015 and is a welcome step towards addressing some of the concerns under CA 2013, though there are several other concerns which are yet to be addressed by the GOI.

Further Companies (Amendment) Act, 2017, was passed by the President of India on the January 3rd, 2018 and it was published in the "Official Gazette of India" on the same date i.e, WEDNESDAY, JANUARY, 3, 2018, and is applicable from the same date.

**The Sections are notified as under:**

#### LIST A

MCA has notified below mentioned 4 sections of Companies Amendment Act, 2017 w.e.f. 15th August, 2018.

S. No.	Section No. of Amendment Act, 2017	Section No. of Companies Act, 2013	Particular of Section
1.	Section 15	Section 73	Prohibition on Acceptance of Deposits from Public
2	Section 16	Section 74	Repayment of Deposits, etc., Accepted Before Commencement of this Act
3	Section 75	Section 366	Companies Capable of Being Registered
4	Section 76	Section 374	Obligations of Companies Registering Under this Part

#### LIST B

MCA has notified below mentioned sections of Companies Amendment Act, 2017 w.e.f. 5<sup>th</sup> July, 2018.

S. No.	Section No. of Amendment Act, 2017	Section No. of Companies Act, 2013	Particular of Section
1.	Section 20	Section 82	Company to Report Satisfaction of Charge.

#### LIST C

S. No.	Section No. of Amendment Act, 2017	Section No. of Companies Act, 2013	Particular of Section
1	Section 22	Section 90	Register of Significant beneficial owners in a Company

2	Section 24	Section 93	Return to be filed with Registrar in case promoters' stake change
3	Section 25	Section 94	Place of Keeping and inspection of registers, returns etc.
4	Section 26	Section 96	Registers, etc. to be evidence
5	Section 71	Section 216	Investigation of ownership of Company

**LIST D**

MCA has notified below mentioned sections of Companies Amendment Act, 2017 w.e.f. 7h May 2018

S. No.	Section No. of Amendment Act, 2017	Section No. of Companies Act, 2013	Particular of Section
1.	Section 2 Clause (i) and (xiii)	Section 2	Definitions
2.	Section 8	Section 26	Matter to be stated in Prospectus
3.	Section 13	Section 54	Issue of Sweat Equity Shares
4.	Section 18	Section 77	Duty to Register charge
5.	Section 19	Section 78	Application for registration of charge
6.	Section 21 Clause (i) (ii)	Section 89	Declaration in respect of beneficial interest in any share
7.	Section 23 clause (iii) & (iv)	Section 92	Annual Return
8.	Section 30	Section 117	Resolution and agreements to be filed
9.	Section 31	Section 121	Report on Annual General Meeting
10.	Section 33	Section 129	Financial Statement
11.	Section 39	Section 137	Copy of financial statement to be filed with Registrar
12.	Section 40	Section 139	Appointment of Auditors
13.	Section 46	Section 149	Company to have Board of Directors
14.	Section 49	Section 157	Company to inform Director identification Number to Registrar
15.	Section 52	Section 164	Disqualifications for appointment of Director
16.	Section 54	Section 167	Vacation of office of Director
17.	Section 55	Section 168	Resignation of Director
18.	Section 56	Section 173	Meeting of Board
19.	Section 57	Section 177	Audit Committee
20.	Section 58	Section 178	Nomination and Remuneration Committee and Stakeholders Relationship Committee
21.	Section 61	Section 185	Loan to Directors
22.	Section 62	Section 186	Loan and investment by Company
23.	Section 80 Clause (i) (ii)	Section 403	Fee for Filing etc
24.	Section 83	Section 410	Constitution of Appellate Tribunal
25.	Section 86	Section 435	Establishment of Special Courts

26	Section 87	Section 438	Application of code of proceedings before special court
27	Section 88	Section 439	Offences to be non-cognizable
28	Section 89	Section 440	Transitional provisions

**LIST E**

MCA has already notified below mentioned 43 sections of Companies Amendment Act, 2017 w.e.f. 9<sup>th</sup> February, 2018.

S. No.	Section No. of Amendment Act, 2017	Section No. of Companies Act, 2013	Particular of Section
1	Section 2	Section 2	Definitions (except definition of Associate & Subsidiary)
2	Section 3	New Section 3A	Member severally liable in certain cases
3	Section 7	Section 21	Authentication of Documents, Proceeding & Contracts
4	Section 9	Section 35	Civil Liability for mis-statement in prospectus
5	Section 11	Section 47	Voting Right
6	Section 12	Section 53	Prohibition on issue of shares at discount
7	Section 14	Section 62	Further issue of share capital
8	Section 17	Section 76A	Penalty on Deposit
9	Section 27	Section 100	Calling of extra ordinary general meeting
10	Section 28	Section 101	Notice of Meeting
11	Section 29	Section 110	Postal Ballot
12	Section 32	Section 123	Declaration of Dividend
13	Section 34	Section 130	Re opening of accoiunts of courts or tribunals order
14	Section 35	Section 132	Constitution of National financial reporting authority
15	Section 38	Section 136	Right of members to copies of audited financial statement
16	Section 41	Section 140	Removal, resignation of auditor
17	Section 42	Section 141	Eligibility, qualifications and disqualification of auditors
18	Section 43	Section 143	Power and duties of auditors and autiding standards
19	Section 44	Section 147	Punishment for contravention
20	Section 45	Section 148	Central govt. to specify audit of items of cost in respect of certain companies
21	Section 47	Section 152	Appointment of Directors
22	Section 48	Section 153	Application of allotemnt of DIN

23	Section 50	Section 160	Right of persons other than retiring directors to stand for directorship
24	Section 51	Section 161	appointment of additional director, alternate director and nominee director
25	Section 53	Section 165	Number of directorship
26	Section 59	Section 180	Restrictions of power of board
27	Section 60	Section 184	Disclosure of interest by Director
28	Section 63	Section 188	Related party transaction
29	Section 65	Section 195	Prohibition on insider trading of securities
30	Section 64	Section 194	Prohibition on forward dealings in securities of company by director or key managerial personnel
31	Section 72	Section 223	Inspector's Report
32	Section 73	Section 236	Purchase of minority shareholding
33	Section 74	Section 247	valuation by registered valuer
34	Section 77	Section 379	Application of act to foreign companies
35	Section 78	Section 384	Debentures, annual return, registered of charge, books of account
36	Section 79	Section 391	Application of section 34 to 36 and chapter XX
37	Section 82	Section 409	Qualification of president and member of tribunal
38	Section 84	Section 411	Qualification of chair person and member of appellate tribunal
39	Section 85	Section 412	Selectio n of members of Tribunal and appellate tribunal
40	Section 90	Section 441	Compounding of certain offences
41	Section 91	Section 446	Insertion of new section 446A and 446B
42	Section 92	Section 447	Punishment for fraud
43	Section 93	Section 458	Delegation by central government of its powers and functions

**LIST F**

MCA has already notified below mentioned 2 sections of Companies Amendment Act, 2017 w.e.f. 26th January, 2018.

S. No.	Section No. of Amendment Act, 2017	Section No. of Companies Act, 2013	Particular of Section
1	Section 1	–	Section 4
2	Section 4	Section 4	Memorandum

## ANNEXURE 2

### REGULATORY FRAMEWORK ON CORPORATE GOVERNANCE

The Indian statutory framework has, by and large, been in consonance with the international best practices of corporate governance. Broadly speaking, the corporate governance mechanism for companies in India is enumerated in the following enactments/ regulations/ guidelines/ listing agreement:

**1. The Companies Act, 2013** inter alia contains provisions relating to board constitution, board meetings, board processes, independent directors, general meetings, audit committees, related party transactions, disclosure requirements in financial statements, etc.

**2. Securities and Exchange Board of India (SEBI) Guidelines:** SEBI is a regulatory authority having jurisdiction over listed companies and which issues regulations, rules and guidelines to companies to ensure protection of investors.

**3. Standard Listing Agreement of Stock Exchanges:** For companies whose shares are listed on the stock exchanges.

**4. Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI):** ICSI is an autonomous body, which issues secretarial standards in terms of the provisions of the New Companies Act. So far, the ICSI has issued Secretarial Standard on "Meetings of the Board of Directors" (SS-1) and Secretarial Standards on "General Meetings" (SS-2). These Secretarial Standards have come into force w.e.f. July 1, 2015. Section 118(10) of the New Companies Act provide that every company (other than one person company) shall observe Secretarial Standards specified as such by the ICSI with respect to general and board meetings.

**5. Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI):** ICAI is an autonomous body, which issues accounting standards providing guidelines for disclosures of financial information. Section 129 of the New Companies Act inter alia provides that the financial statements shall give a true and fair view of the state of affairs of the company or companies, comply with the accounting standards notified under s 133 of the New Companies Act. It is further provided that items contained in such financial statements shall be in accordance with the accounting standards.

**6. Guidelines issued by Department of Public Enterprises- DPE:** The Department of Public Enterprises is the nodal department for all the Central Public Sector Enterprises (CPSEs) and formulates policy pertaining to CPSEs. It lays down, in particular, policy guidelines on performance improvement and evaluation, autonomy and financial delegation and personnel management in CPSEs. It furthermore collects and maintains information in the form of a Public Enterprises Survey on several areas in respect of CPSEs. In fulfilling its role, the Department Coordinates with other Ministries, CPSEs and concerned organizations.

## ANNEXURE 3

### LIST OF ALL SEBI REGULATIONS

	Year	Regulation
1.	2015	SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 [Last amended on February 15, 2017]
2.	2015	SEBI (Listing Obligations and Disclosure Requirements) Regulations, [Last amended on February 15, 2017]
3.	2015	SEBI(Procedure for Search and Seizure) Repeal Regulations, 2015
4.	2015	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Last amended on May 25, 2016]
5.	2015	SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015
6.	2015	SEBI (Prohibition of Insider Trading) Regulations, 2015
7.	2014	SEBI (Infrastructure Investment Trusts) Regulations, 2014
8.	2014	SEBI (Real Estate Investment Trusts) Regulations, 2014
9.	2014	SEBI(Research Analysts) Regulations, 2014
10.	2014	SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 [Last amended on September 15, 2014]
11.	2014	SEBI (Foreign Portfolio Investors) Regulations, 2014
12.	2013	SEBI (Share Based Employee Benefits) Regulations, 2013 (as amended upto September 18, 2015)".
13.	2013	SEBI (Issue and Listing of Non-convertible Redeemable Preference shares) Regulations, 2013 [Last amended on May 25, 2016]
14.	2013	SEBI (Investment Advisers) Regulations 2013 [Last amended on May 23, 2014]
15.	2012	SC(R) (Stock Exchanges and Clearing Corporations) Regulations, 2012 [Last amended on March 7, 2016]
16.	2012	SEBI (Alternative Investment Funds) Regulations, 2012 [Last amended on August 14, 2015]
17.	2011	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [Last amended on May 25, 2016]
18.	2011	SEBI (KYC (Know Your Client) Registration Agency} Regulations, 2011 [Last amended on August 11, 2014]
19.	2009	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Last amended on May 25, 2016]
20.	2009	SEBI (Investor Protection and Education Fund) Regulations, 2009 [Last amended on January 09, 2014]
21.	2009	SEBI (Delisting of Equity Shares) Regulations, 2009 [Last amended on January 12, 2016]
22.	2008	SEBI (Intermediaries) Regulations, 2008 [Last amended on May 25, 2016]

23.	2008	SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008 [Last Amended on Dec 01, 2015]
24.	2008	SEBI (Issue and Listing of Debt Securities) Regulations, 2008 [Last amended on May 25, 2016]
25.	2007	SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 [Last amended on February 07, 2014]
26.	2006	SEBI (Regulatory Fee on Stock Exchanges) Regulations, 2006 [Last amended September 28, 2015]
27.	2004	SEBI (Self Regulatory Organizations) Regulations, 2004 [Last amended on November 18, 2013]
28.	2003	SEBI (Central Database Of Market Participants) Regulations, 2003 [Last amended on January 07, 2014]
29.	2003	SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 [Last amended on September 6, 2013]
30.	2003	SEBI (Ombudsman) Regulations, 2003 [Last Amended on Nov 09, 2006]
31.	2002	SEBI (Issue of Sweat Equity) Regulations, 2002
32.	2001	SEBI (Employees' Service) Regulations, 2001 [Last amended on April 21, 2015]
33.	2001	SEBI (Procedure for Board Meetings) Regulations, 2001
34.	2000	SEBI (Foreign Venture Capital Investors) Regulations 2000 [Last amended on December 30, 2014]
35.	1999	SEBI (Credit Rating Agencies) Regulations, 1999 [Last amended on May 23, 2014]
36.	1999	SEBI (Collective Investment Schemes) Regulations, 1999 [Last amended on January 9, 2014]
37.	1998	SEBI (Buy Back Of Securities) Regulations, 1998 [Last amended on March 24, 2015]
38.	1996	SEBI (Custodian Of Securities) Regulations, 1996 [Last amended on May 23, 2014]
39.	1996	SEBI (Mutual Funds) Regulations, 1996 [Last amended on February 12, 2016]
40.	1996	SEBI (Depositories and Participants) Regulations 1996 [Last amended on May 27, 2016]
41.	1994	SEBI (Bankers to an Issue) Regulations, 1994 [Last amended on May 23, 2014]
42.	1993	SEBI (Debenture Trustee) Regulations, 1993 [Last amended on May 23, 2014]
43.	1993	SEBI (Underwriters) Regulations, 1993 [Last amended on July 05, 2011]
44.	1993	SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 [Last amended on May 23, 2014]
45.	1993	SEBI (Portfolio Managers) Regulations, 1993 [Last amended on February 10, 2012]
46.	1992	SEBI (Merchant Bankers) Regulations, 1992 [Last amended on May 23, 2014]
47.	1992	SEBI (Stock-Brokers and Sub-Brokers) Regulations, 1992 "[Last amended on September 28, 2015]"

## ANNEXURE 4

THE GAZETTE OF INDIA  
EXTRAORDINARY  
PART – III – SECTION 4  
PUBLISHED BY AUTHORITY  
NEW DELHI, JULY 08, 2016  
SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION  
Mumbai, the 8th July, 2016

### SECURITIES AND EXCHANGE BOARD OF INDIA (FOREIGN PORTFOLIO INVESTORS) (AMENDMENT) REGULATIONS, 2016

No. SEBI/ LAD-NRO/GN/2016-17/009. – In exercise of the powers conferred under section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) and Section 25 of the Depositories Act, 1996, the Securities and Exchange Board of India hereby, makes the following regulations to amend the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, namely,—

1. These regulations may be called the Securities and Exchange Board of India (Foreign Portfolio Investors) (Amendment) Regulations, 2016.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, in regulation 22, for sub-regulation (2), the following shall be substituted, namely,-

“(2) A foreign portfolio investor shall ensure that any transfer of offshore derivative instruments issued by or on behalf of it, is made subject to the following conditions:

- (a) such offshore derivative instruments are transferred to persons subject to fulfillment of sub-regulation (1); and 2
- (b) prior consent of the foreign portfolio investor is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the foreign portfolio investor.”

**Footnote:**

1. The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 were published in the Gazette of India on 7th January, 2014 vide No. LAD-NRO/GN/2013- 14/36/12

## ANNEXURE 5

THE GAZETTE OF INDIA  
EXTRAORDINARY  
PART – III – SECTION 4  
PUBLISHED BY AUTHORITY  
NEW DELHI, JULY 08, 2016  
SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION  
Mumbai, the 8th July, 2016

### SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)(SECOND AMENDMENT) REGULATIONS, 2016

*No. SEBI/ LAD-NRO/GN/2016-17/008.* – In exercise of the powers conferred by section 11, sub section (2) of section 11A and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with section 31 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Securities and Exchange Board of India hereby makes the following regulations to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, after Regulation 43 the following regulation shall be inserted, namely:-

**“Dividend Distribution Policy.**

43A. (1) The top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

(2) The dividend distribution policy shall include the following parameters:

- (a) the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- (b) the financial parameters that shall be considered while declaring dividend;
- (c) internal and external factors that shall be considered for declaration of dividend;
- (d) policy as to how the retained earnings shall be utilized; and
- (e) parameters that shall be adopted with regard to various classes of shares:

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to

clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

(3) The listed entities other than top five hundred listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.”

**Footnote:**

1. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were published in the Gazette of India on 2nd September 2015 vide No. SEBI/LAD-NRO/GN/2015-16/013.

2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, were subsequently amended on:

(a) December 22, 2015 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015 vide notification no. SEBI/LAD-NRO/GN/2015-16/27.

(b) May 25, 2016 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016 vide notification no. SEBI/LAD-NRO/GN/ 2016-17/001.

## ANNEXURE 6

THE GAZETTE OF INDIA  
EXTRAORDINARY  
PART – III – SECTION 4  
PUBLISHED BY AUTHORITY  
NEW DELHI, May 25, 2016  
SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION  
Mumbai, the 25th May, 2016

### SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2016

*No. SEBI/ LAD-NRO/GN/2016-17/001.* – In exercise of the powers conferred by section 11, sub section (2) of section 11A and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with section 31 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Securities and Exchange Board of India hereby makes the following regulations to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016.
2. They shall come into force on the 1st day of April, 2016.
3. In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,
  - i. in regulation 33,
    - i. in sub regulation (3), in clause (d),–
      - a) after the words “listed entity shall submit” and before the words “audited standalone financial results”, the word “annual” shall be inserted;
      - b) for the words and symbols “either Form A (for audit report with unmodified opinion) or Form B(”, the words and symbols “Statement on Impact of Audit Qualifications (applicable only” shall be substituted.
      - c) in the proviso, for the words and symbols “either Form A (for audit report with unmodified opinion) or Form B (”, the words and symbols “Statement on Impact of Audit Qualifications (applicable only” shall be substituted.
      - d) in the proviso, for the symbol “.”, the symbol “:.” shall be substituted;
      - e) after the proviso, the following new proviso shall be inserted, namely, “Provided further that,

- in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.”;
- ii. in sub regulation (4),
    - a) for the words and symbols “Form A (for audit report with unmodified opinion) & Form B (for audit report with modified opinion)”, the words and symbols “Statement on Impact of Audit Qualifications (for audit report with modified opinion)” shall be substituted;
    - b) the words “from time to time” shall be deleted;
  - iii. in sub regulation (6),
    - a) for the words “Form B”, the words and symbols “Statement on Impact of Audit Qualifications(for audit report with modified opinion)” shall be substituted;
    - b) the words and symbols “and Qualified Audit Report Review Committee in manner as specified in Schedule VIII” shall be deleted;
  - iv . sub regulation (7) shall be deleted;
- II. in regulation 34, in sub regulation (2) in clause (a), for the symbol “;”the words and symbols “, and Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d), if applicable;” shall be substituted;
- III. in regulation 52,
- i. in sub regulation (3), in clause (a),
    - a) for the words and symbols “either Form A for audit report with unmodified opinion, or Form B”, the words and symbols “Statement on Impact of Audit Qualifications(applicable only)” shall be substituted;
    - b) after the words and symbol “for audit report with modified opinion”, the symbol “)” shall be inserted;
    - c) for the symbol “.”, the symbol “:” shall be substituted;
    - d) after the clause (a), the following proviso shall be inserted, namely, “Provided that, in case of audit reports with unmodified opinion, the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.”;
  - ii. in sub regulation (3), in clause (b),
    - a) for the words “Form B”, the words and symbols “Statement on Impact of Audit Qualifications(for audit report with modified opinion)” shall be substituted;
    - <sup>3</sup>b) the words and symbols “and the Qualified Audit Report Review Committee in the manner as specified in Schedule VIII” shall be deleted;
  - iii. in sub regulation (3), clause (c) shall be deleted;
  - iv. in sub regulation (3), in clause (d),
    - a) for the word “formats”, the word “format” shall be substituted;
    - b) for the words “Form A and Form B”, the words and symbols “Statement on Impact of Audit

Qualifications (for audit report with modified opinion)" shall be substituted;

- c) after the words "shall be" and before the words "specified by the Board", the words "in the manner as" shall be inserted
  - d) the words "from time to time" shall be deleted;
- IV. in regulation 53, in clause (a), for the symbol ";the words and symbols ", and Statement on Impact of Audit Qualifications as stipulated in regulation 52(3)(a), if applicable;" shall be substituted;
- V. regulation 95 shall be substituted with the following:

**"Statement on Impact of Audit Qualifications accompanying Annual Audit Report.**

95. The recognised stock exchange(s) shall review the Statement on Impact of Audit Qualifications and the accompanying annual audit report submitted in terms of clause (d) of sub-regulation (3) of regulation 33 and clause (a) of sub-regulation (3) of regulation 52."

- VI. In Schedule IV, in Part A, in clause B,
- a) after the words and symbols "expressed any modified opinion(s)" and before the words "in respect of audited financial results", the words and symbols "or other reservation(s)" shall be deleted;
  - b) after the words and symbol "earning per share" and before the words and symbols "or any other financial item(s)", the words and symbols ",total expenditure, total liabilities" shall be inserted;
  - c) after the words and symbols "such modified opinion(s)" and before the words "and cumulative impact", the words and symbols "or other reservation(s)" shall be deleted;
  - d) after the words and symbols "due to modified opinion(s)" and before the words and symbol ",while publishing or submitting such results", the words and symbols "or other reservation(s)" shall be deleted;
  - e) after clause B, the following new provisions shall be inserted, namely-
    - "BA. If the auditor has expressed any modified opinion(s), the management of the listed entity has the option to explain its views on the audit qualifications and the same shall be included in the Statement on Impact of Audit Qualifications (for audit report with modified opinion).
    - BB. With respect to audit qualifications where the impact of the qualification is not quantifiable:
      - i. The management shall make an estimate and the auditor shall review the same and report accordingly; or
      - ii. If the management is unable to make an estimate, it shall provide the reasons and the auditor shall review the same and report accordingly.
- The above shall be included in the statement on impact of audit qualifications (for audit report with modified opinion).";

- VII. Schedule VIII shall be deleted.

**Footnote:**

1. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were published in the Gazette of India on 2nd September 2015 vide No. SEBI/LAD-NRO/GN/2015-16/013.

2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, were subsequently amended on:

(a) December 22, 2015 by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide notification no. SEBI/LAD-NRO/GN/2015-16/27.

## ANNEXURE 7

THE GAZETTE OF INDIA  
EXTRAORDINARY  
PART – III – SECTION 4  
PUBLISHED BY AUTHORITY  
NEW DELHI, DECEMBER 22nd, 2015  
SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION  
Mumbai, the 22nd December, 2015

### SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2015

No. SEBI/LAD-NRO/GN/2015-16/27. – In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015.
2. They shall come into force on the 1st day of April, 2016.
3. In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in regulation 34, in sub regulation (2), –
  - i. in clause (f), after the words “for the top” and before the words “listed entities”, for the word “hundred” the words “five hundred” shall be substituted;
  - ii. in the proviso to clause (f), after the words “other than top” and before the words “listed companies”, for the number “100” the words “five hundred” shall be substituted.

**Footnote:** The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were published in the Gazette of India on 2nd September 2015 vide No. SEBI/LAD-NRO/GN/2015-16/013.

**ANNEXURE 8****SECRETARIAL AUDIT REPORT**

Form No MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED .....

(PURSUANT TO THE SECTION 204(1) OF THE Companies Act 2013, and rule no 9 of the companies  
(Appointment and Remuneration Personnel) rules 2014

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED .....

To,

The Members,

..... Limited

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ..... (name of the company), (hereinafter called the company), Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the ..... (name of the company's) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on ....., ..... complied with the statutory provisions listed hereinunder and also that the company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/We have examined the books, papers, minute books, forms and returns filed and other records maintained by ..... (the company) for the financial year ended on ....., ..... according to the provisions of:

- i. The Companies Act 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulations) Act 1956, (SCRA) and the rules made thereunder;
- iii. The Depositories Act 1996 and the Regulations and Bye-Laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act 1992 (SEBI ACT)

- a. The Securities and Exchange Board of India (substantial acquisition of shares and takeovers) regulations 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) regulations 1992.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations 2009.
  - d. The Securities and Exchange Board of India (Employee Stock option Scheme and Employee Stock Purchase Scheme) Guidelines 1999.
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008.
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009 and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998;
- vi. .... (Mention the other laws as may be applicable specifically to the company).

I/We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the company with ..... stock exchange(s) if applicable;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

*Note : Please report specific non compliances/observations/audit qualification, reservation or adverse remarks in respect of the above para wise.*

#### **I/We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members views are captured and recorded as part of the minutes.

I/We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

*Note: Please report specific observations/qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit Period.*

I/We further report that during the audit period the company has .....

(Given details of specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above).

For example:

- i. Public/Right/Preferential issue of shares/debentures/sweat equity, etc.
- ii. Redemption/buy-back of securities
- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act 2013.
- iv. Merger /amalgamation /reconstruction etc.
- v. Foreign Technical Collaborations

Place :

Signature

Date :

Name of the Company Secretary in Practice/Firm:

ACS/FCS No.

C P No:

*Note: Parawise details of the Audit finding, if necessary, may be placed as annexure to the report.*

File No. 01/05/2013 CL-V

(Renuka Kumar),

Joint Secretary to the Govt of India

## LIST OF TABLES

Table No	Details
1	Cognate Group-wise Enterprises
2	Aggregate Statement of Profit and Loss of Operating CPSEs
3	Aggregate Balance Sheet of Operating CPSE's
4	Grading CPSEs on the basis of MOU Composite Score
5	Risk Statement and Mitigation Strategies
6	Sources of Risk and Its Management
7	Key risks, their impact and corresponding strategies
8	Coal India Limited: SWOT Analysis
9	Segment-Wise Performance
10	Statement of Break- up of offtake (in Million Te)
11	Sector-wise dispatch of coal & coal products (In Million Tonnes)
12	Production from underground and opencast mines
13	Subsidiary-wise Off-take of coal in 2016-17 compared to 2015-16
14	Overburden Removal
15	Segment Wise Sales of Energy Sector
16	Comparative Financial Performance of SAIL
17	SAIL-Analysis of the Revenue from Operations
18	SAIL: Products Category
19	Revenue from Sale of Services - Service Charges
20	Other Operating Revenues and Income
21	Expenditure (Rs. Crore)
22	Compliance with Common Obligations to Listed Entity under SEBI (LODR) Regulations, 2015
23	Compliance with Obligations of Listed Entity which has listed its specified securities i.e. Equity or Convertible Securities under SEBI (LODR) Regulations, 2015
24	Compliance with Obligations of Listed Entity which has listed its Non-Convertible Debt Securities Or Non-Convertible Redeemable Preference Shares or both under SEBI (LODR) Regulations, 2015
25	Compliance with Obligations of Listed Entity which has listed its Indian Depository Receipts under SEBI (LODR) Regulations, 2015
26	Compliance with Obligations of Listed Entity which has listed its Securitised Debt Instruments under SEBI (LODR) Regulations, 2015
27	Compliance Calendar under SEBI (LODR) Regulations, 2015: Quarterly Compliances

28	Compliance Calendar under SEBI (LODR) Regulations, 2015:Half Yearly Compliances
29	Compliance Calendar under SEBI (LODR) Regulations, 2015:Annual Compliances
30	Event Based Compliance under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015
31	Compliance under Companies Act 2013
32	Limit Based Annual Compliances for Public Companies
33	Annual Compliances for Listed Companies under Companies Act 2013
34	List of Forms for Filing Patents
35	List of Forms for Industrial Designs
36	List of Forms and Fees for Trademarks
37	The Second Schedule Forms for Trade Marks- List of Forms
38	Compliance checklist under Apprentices Act 1961
39	Compliance checklist under Employees Provident Funds & Misc. Provisions Act, 1952
40	Compliance Checklist under the Employees State Insurance Act, 1948
41	Compliance Checklist under the Factories Act, 1948
42	Compliance Checklist under Industrial Disputes Act, 1947
43	Compliance checklist under Payment of Bonus Act 1965
44	Compliance checklist under Payment of Gratuity Act 1972
45	Compliance checklist under Payment of Wages Act 1936
46	Compliance checklist under Employees Compensation Act, 1923
47	Compliance checklist under Contract Labour (Regulation and Abolition Act, 1970)
48	List of Forms and Schedules under Industrial Employment (Standing Orders) Act 1961
49	Compliance checklist under Industrial Employment (Standing Orders) Act 1961
50	Compliance checklist under Maternity Benefit Act 1961
51	Compliance checklist under Trade Union Act, 1926
52	Compliance checklist under Equal Remuneration Act 1976
53	Monthly Checklist for Statutory Returns under Various Labour Laws
54	Compliance under Income Tax Act 1961
55	Shipping Industry: Acts and Rules
56	Atomic Energy Act, Rules and Notifications
57	Power Sector- Acts and Notifications
58	Mining Industry Acts and Rules
59	Oil and Gas Industry Acts and Rules
60	Railway Industry Act and Rules
61	List of Legislations: Ministry of Urban Development
62	Laws impacting the growth of Construction Industry

63	Ministry of Road Transport and Highways Act/Rules/Notifications
64	Memorandum of Company
65	Board Composition
66	Appointment of Women Director
67	Maximum Number of Directorship of Independent Director's
68	Maximum Tenure of Independent Director's
69	Performance Evaluation of Directors'
70	Separate Meeting of Independent Director's
71	Familiarisation Programme for Independent Director
72	Offences to be Non-Cognisable
73	Appointment of Key Managerial Personnel
74	Appointment and Remuneration of Managerial Personnel
75	Related Party Transactions
76	Requirements of Secretarial Audit

## LIST OF FIGURES

FIG NO.	DETAILS
1	CATEGORIZATION OF PSES
2	CORPORATE GOVERNANCE FRAMEWORK
3	FOUR PILLARS OF CORPORATE GOVERNANCE
4	INSTITUTIONAL ARRANGEMENT OF MOU
5	MOU TARGETS
6	WORKING OF MOU SYSTEM
7	MOU SCORE AND RATING
8	COMPLIANCE STRUCTURE
9	TYPES OF COMPLIANCES
10	OBLIGATIONS OF LISTED ENTITIES
11	COMMON OBLIGATIONS OF LISTED ENTITIES
12	BOARD COMPOSITION
13	AUDIT COMMITTEE
14	NOMINATION AND REMUNERATION COMMITTEE
15	INTIMATION AND DISCLOSURE UNDER SEBI LODR 2015
16	POLICY LEGISLATION & REGULATORY FRAMEWORK

## LIST OF ANNEXURES

ANNEXURE NO.	TITLE
1	COMPANIES (AMENDMENT) ACT, 2017: KEY HIGHLIGHTS
2	REGULATORY FRAMEWORK ON CORPORATE GOVERNANCE
3	LIST OF ALL SEBI REGULATIONS
4	SECURITIES AND EXCHANGE BOARD OF INDIA (FOREIGN PORTFOLIO INVESTORS) (AMENDMENT) REGULATIONS, 2016
5	SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (SECOND AMENDMENT) REGULATIONS, 2016
6	SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2016
7	SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2015
8	SECRETARIAL AUDIT REPORT

## LIST OF ABBREVIATIONS

TERM	ABBREVIATION
CENTRAL PUBLIC SECTOR ENTERPRISE	CPSE
PUBLIC SECTOR ENTERPRISE	PSE
DEPARTMENT OF PUBLIC ENTERPRISE	DPE
MARKET CAPITALISATION	MCAP
CORPORATE GOVERNANCE	CG
INDEPENDENT DIRECTOR	ID
BOARD OF DIRECTORS	BOD
RELATED PARTY TRANSACTION	RPT
SECURITIES AND EXCHANGE BOARD OF INDIA	SEBI
MANAGEMENT DISCUSSION AND ANALYSIS	MD&A
MEMORANDUM OF UNDERSTANDING	MOU
LISTING OBLIGATION AND DISCLOSURE REQUIREMENT	LODR

## WEBLIOGRAPHY

1. [www.dpe.gov.in](http://www.dpe.gov.in)
2. [www.mca.gov.in](http://www.mca.gov.in)
3. [www.sebi.gov.in](http://www.sebi.gov.in)
4. <http://www.bsepsu.com/public-sector.asp>
5. <http://www.yourarticlelibrary.com/india-2/public-sectors-in-india-role-growth-and-problems/23430/>
6. [http://planningcommission.nic.in/reports/genrep/rep\\_cpse1912.pdf](http://planningcommission.nic.in/reports/genrep/rep_cpse1912.pdf)
7. [http://www.business-standard.com/article/opinion/u-d-choubey-reforming-public-sector-corporate-governance-116031200816\\_1.html](http://www.business-standard.com/article/opinion/u-d-choubey-reforming-public-sector-corporate-governance-116031200816_1.html)
8. [https://papers.ssrn.com/sol3/Data\\_Integrity\\_Notice.cfm?abid=2422224](https://papers.ssrn.com/sol3/Data_Integrity_Notice.cfm?abid=2422224)
9. <http://indiatoday.intoday.in/story/ten-point-reforms-in-public-sector-enterprises/1/378115.html>
10. [http://www.internationalseminar.org/XIV\\_AIS/TS%205%20A/2.%20S.%20Md.%20Ghouse.pdf](http://www.internationalseminar.org/XIV_AIS/TS%205%20A/2.%20S.%20Md.%20Ghouse.pdf)
11. <http://workspace.unpan.org/sites/internet/Documents/UNPAN93115.pdf>
12. [https://mpira.ub.uni-muenchen.de/41038/1/A\\_note\\_on\\_Corporate\\_Governance\\_in\\_Public\\_Sector\\_Undertakings\\_in\\_India.pdf](https://mpira.ub.uni-muenchen.de/41038/1/A_note_on_Corporate_Governance_in_Public_Sector_Undertakings_in_India.pdf)
13. [http://planningcommission.gov.in/reports/genrep/rep\\_cpse1912.pdf](http://planningcommission.gov.in/reports/genrep/rep_cpse1912.pdf)
14. [http://cag.gov.in/sites/default/files/audit\\_report\\_files/executive\\_summary\\_Report\\_6\\_of\\_2017\\_compliance\\_audit\\_Union\\_Government\\_General\\_Purpose\\_Financial\\_Reports\\_of\\_Central\\_Public\\_Sector\\_Enterprises.pdf](http://cag.gov.in/sites/default/files/audit_report_files/executive_summary_Report_6_of_2017_compliance_audit_Union_Government_General_Purpose_Financial_Reports_of_Central_Public_Sector_Enterprises.pdf)
15. <http://www.cag.gov.in/content/report-no-9-2016-union-commercial-financial-reports-central-public-sector-enterprises>
16. [http://www.concorindia.com/annual\\_report.aspx](http://www.concorindia.com/annual_report.aspx)
17. [http://www.hal-india.com/Financial%20Highlights/M\\_\\_22](http://www.hal-india.com/Financial%20Highlights/M__22)
18. [http://mtnl.in/ar\\_2016-17.pdf](http://mtnl.in/ar_2016-17.pdf)
19. <http://www.balmerlawrie.com/pages/annualreport>
20. <http://www.bel-india.com/ContentPage.aspx?MId=17&CId=427&LId=1&link=427>
21. <http://www.bsnl.co.in/>
22. [http://www.cewacor.nic.in/Docs/CWC\\_Annual%20Report\\_2016-017.pdf](http://www.cewacor.nic.in/Docs/CWC_Annual%20Report_2016-017.pdf)
23. <https://www.cpcl.co.in/Document>
24. [http://www.grse.nic.in/ar\\_2015-2016.php](http://www.grse.nic.in/ar_2015-2016.php)
25. <http://www.hindustancopper.com/Page/AnnualReport>

26. <http://www.hudco.org//Site/FormTemplate/firmTemp1PLargeTC1C.aspx?MnId=409&ParentID=391>
27. [http://www.irel.co.in/content/2519\\_3\\_AnnualReports.aspx](http://www.irel.co.in/content/2519_3_AnnualReports.aspx)
28. [https://www.ircon.org/index.php?option=com\\_content&view=article&id=56&Itemid=430&lang=en](https://www.ircon.org/index.php?option=com_content&view=article&id=56&Itemid=430&lang=en)
29. [http://www.mazdock.com/writereaddata/pdf\\_doc/Annual\\_Reports/Annual\\_Report\\_English\\_2015-2016.pdf](http://www.mazdock.com/writereaddata/pdf_doc/Annual_Reports/Annual_Report_English_2015-2016.pdf)
30. [http://moil.nic.in/AR\\_MOIL\\_2016-17.pdf](http://moil.nic.in/AR_MOIL_2016-17.pdf)
31. <http://midhani.com/financialannualreport.jsp>
32. <https://www.nrl.co.in/Annual-report>
33. [http://www.pawanhans.co.in/images/1516\\_Eng.pdf](http://www.pawanhans.co.in/images/1516_Eng.pdf)
34. <https://www.railtelindia.com/corporate-information/financial-results.html>
35. [http://www.rcftd.com/webdocs/853/2017/08/Annual\\_Report\\_2016-17.pdf](http://www.rcftd.com/webdocs/853/2017/08/Annual_Report_2016-17.pdf)
36. <http://sjvn.nic.in/annual-reports.htm>
37. [http://www.secl-cil.in/writereaddata/AR\\_ENGLISH\\_2016-2017.pdf](http://www.secl-cil.in/writereaddata/AR_ENGLISH_2016-2017.pdf)
38. <http://www.tcil-india.com/new/html/AR-2016-17.pdf>
39. <http://westerncoal.nic.in/sites/default/files/userfiles/DIRECTORS-REPORT-2016-17-WCL.pdf>
40. <http://www.edcilindia.co.in/AnnualReports>
41. <http://www.antrix.co.in/sites/default/files/article-attachments/2015-16-English.pdf>
42. [http://www.nsic.co.in/aboutus\\_corporate\\_info.asp](http://www.nsic.co.in/aboutus_corporate_info.asp)
43. <http://www.bcclweb.in/files/2010/12/report16-17.pdf>
44. <http://www.bemlindia.com/writereaddata/Downloads/201708301041462016-17.pdf>
45. <http://www.bridgeroof.co.in/upload/directorreports/Director%20Report-18.pdf>
46. <http://www.centralcoalfields.in/prfnc/anulrpt.php>
47. <http://www.cochinshipyard.com/links/Auual-Report/2016-17.pdf>
48. [http://www.ennoreport.gov.in/upload/uploadfiles/files/Annual\\_report\\_2015-2016.pdf](http://www.ennoreport.gov.in/upload/uploadfiles/files/Annual_report_2015-2016.pdf)
49. <https://goashipyard.co.in/wp-content/uploads/2017/09/Annual-Report-FY-2016-17.pdf>
50. [http://www.lifecarehll.com/page/render/reference/Annual\\_Report](http://www.lifecarehll.com/page/render/reference/Annual_Report)
51. [file:///C:/Users/e0583/Downloads/41st\\_Annual\\_Report\\_2016-17-\\_Colour.pdf](file:///C:/Users/e0583/Downloads/41st_Annual_Report_2016-17-_Colour.pdf)
52. <https://www.kioclltd.in/user/cms/39>
53. [https://mrpl.co.in/sites/default/files/29th%20Annual%20Report\\_0.pdf](https://mrpl.co.in/sites/default/files/29th%20Annual%20Report_0.pdf)
54. [http://nationalfertilizers.com/images/pdf/investorsdesk/Financial\\_statements\\_2016-17.pdf](http://nationalfertilizers.com/images/pdf/investorsdesk/Financial_statements_2016-17.pdf)
55. <http://www.nhpcindia.com/writereaddata/images/pdf/AnnualReport1617.pdf>

56. <http://www.neepco.co.in/neepco/>
57. [http://www.ongcvidesh.com/performance/financial-highlights/](http://www ONGCVIDESH.COM/performance/financial-highlights/)
58. [http://www.pdilin.com/pdf/PDIL\\_Anuual\\_Report\\_2015\\_16.pdf](http://www.pdilin.com/pdf/PDIL_Anuual_Report_2015_16.pdf)
59. [http://www.rvnl.org/admin/uploaded1/annual\\_report/20171120025324\\_Annual\\_Report\\_2016-17\\_English\\_Version.pdf](http://www.rvnl.org/admin/uploaded1/annual_report/20171120025324_Annual_Report_2016-17_English_Version.pdf)
60. [https://ritesltd.com/upload/misc/Balancesheet/Final\\_AR-2015-16\\_English\\_web.pdf](https://ritesltd.com/upload/misc/Balancesheet/Final_AR-2015-16_English_web.pdf)
61. [http://www.spmcil.com/UploadDocument/SPMCIL%20Annual%20Report%202015-16%20\(English\).d5aaacf6-582e-4fbf-800e-b89044919512.pdf](http://www.spmcil.com/UploadDocument/SPMCIL%20Annual%20Report%202015-16%20(English).d5aaacf6-582e-4fbf-800e-b89044919512.pdf)
62. [http://thdc.gov.in/writereaddata/english/pdf/Annual\\_Report16-17.pdf](http://thdc.gov.in/writereaddata/english/pdf/Annual_Report16-17.pdf)
63. [file:///C:/Users/t1035/Downloads/WAPCOS%20Annual%20Report%202016-17%20English%20\(1\).pdf](file:///C:/Users/t1035/Downloads/WAPCOS%20Annual%20Report%202016-17%20English%20(1).pdf)
64. <http://www.epi.gov.in/upload/uploadfiles/files/46th-Annual-Report-2015-16-%20English.pdf>
65. [http://fsnl.nic.in/annual\\_report\\_14-15.pdf](http://fsnl.nic.in/annual_report_14-15.pdf)
66. <http://www.meconlimited.co.in/Writereaddata/Downloads/Annual%20Report16-17.pdf>
67. <http://www.mecl.co.in/writereaddata/meclpdf/Annual%20Report%202017.pdf>
68. [https://www.nfdcindia.com/pdf/AnnualReport-2015-16\\_lrs.pdf](https://www.nfdcindia.com/pdf/AnnualReport-2015-16_lrs.pdf)
69. <http://www.reiljp.com/pdf/annualreport/annualreport1617.pdf>