



MCA: 2014

June 2, 2014

To
Mr. M. J. Joseph
Additional Secretary to Government of India
Ministry of Corporate Affairs
Shastri Bhawan, New Delhi – 110001.

Dear Sir,

Sub: Rules notified under the Companies Act, 2013

This refers to the meeting CS R. Sridharan, President of the Institute had with you on May 30, 2014 on the above subject and is continuation of our letters seeking amendments in:

- (a) Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 relating to appointment of company secretaries in companies;
- (b) Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 relating secretarial audit; and
- (c) Rule 8(12) of the Companies (Registration Offices and Fees) Rules 2014 relating to pre-certification of e-forms filed by companies on MCA 21.

2. The rationale for the amendments has been explained in person at various levels in the Ministry as well through several letters on these subjects. The amendments suggested essentially aim at strengthening the mechanism of compliance and governance in corporate sector and in consonance with the recommendations of the expert committees and the Standing Committee on Finance (SCF) as well as assurances by the Government to the SCF.

3. It has been suggested that the Rules may be amended to:

(a) put companies in different classes and prescribe requirement of KMPs as may be warranted for each class. While a very big company may need to have all three kinds of KMPs, companies with at least Rs.5 crore of paid up capital must have at least a company secretary;

(b) provide for secretarial audit for all listed companies – big or small, and every other company which is not a 'small company'. The secretarial audit must be made applicable, to start with, to the companies having a paid up share capital of Rs.50 crore or more, or a turnover of Rs.200 crore or more, or outstanding loans or borrowings from banks or PFIs exceeding Rs.100 crore at any point of time during the preceding financial year; and

(c) require all e-forms, including AOC-4, filed by all companies to be pre-certified by company secretaries who are trained in regulatory compliance.

4. Since the aforesaid Rules have come into force wef 1st April 2014, it is necessary that the amendments are effected immediately so that the compliance can be ensured from the effective date.

Thanking you,

Yours faithfully,

M. S. Sahoo
(CS M. S. Sahoo)
Secretary