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CORPORATE JOURNAL

"TO FACILITATE OVERALL PROFESSIONAL DEVELOPMENT WITH ENLIGHTENED INFORMATION"

"IT'S GOOD TO STAND AT ZENITH AND SEE SOMEONE AS YOUR AIM
BUT IT FEELS BEST WHEN YOU STAND THERE & SOMEONE SEES YOU AS THEIR AIM"

⇒ INSIDE

Articles / other materials and suggestions are invited from the Members for publication in forthcoming Issues. All articles submitted will be subjected to review and published only after accepted for publication.

Kindly send the articles and other relevant material for publication along with your photograph at ankursrivastavacs5985@gmail.com. We assure that we empower you with the knowledge you seek.

============================ FROM THE EDITOR ============================

CS Ankur Srivastava
Editor

Dear Professional Colleagues & Friends,

I would like to take this opportunity to wish all of you a great and prosper new Financial Year 2013-14. Pay taxes on your last year earnings and strive to earn more not only in terms of wealth but also in terms of name, fame, love, happiness, peace and moreover satisfaction of having all such.

Last fiscal was full of changes, updations & new enactments and to comprehend the length and breadth of their impact and our preparedness to adapt such changes, a shift in strategy is required. We as a professional have to review our performance and potential of growth. This exercise would surely enable us to configure and implement the strategic plan for the year.

One should never misinterpret the Growth as his own individual growth, it is always an overall growth of the entire society. Please refer to the quotation of the cover page and aim towards excellence where your every action will lead you towards the zenith and everyone will be benefited with your actions, be it your social surrounding, professional circle or personal relations. Gradually, others will find you at the zenith and then you will realize the magic of your great manners. As *"Everything done by you returns to you, but it is always between you and the God."*

All the Best and keep contributing towards the betterment of our profession.

Happy Reading.

CS Ankur Srivastava
Editor

================================ **ARTICLE** ==================================

Pvt. Ltd. Company or LLP?

We are living in the era of commercialization, globalization and innovation. Business world is changing every day and we needs to be cost savvy and economical in order to maintain our profit margin and attain cost effectiveness. Compliance management is no doubt a burden today for medium and small scale enterprises.

CS Ankit Mishra

Hence, to overcome these complexities and to provide an organized and economic platform for medium and small enterprises, Ministry of Corporate Affairs, Govt. of India, came out with a different structure and framed Limited Liability Partnership Act, 2008 by way of notification dated 31st March, 2009.

Limited Liability Partnership entities, the world wide recognized form of business organization has been introduced in India by way of Limited Liability Partnership Act, 2008. A Limited Liability Partnership, popularly known as LLP combines the advantages of both the Company and Partnership into a single form of organization. In an LLP one partner is not responsible or liable for another partner's misconduct or negligence, this is an important difference from that of a unlimited partnership. In an LLP, all partners have a form of limited liability for each individual's protection within the partnership, similar to that of the shareholders of a corporation. However, unlike corporate shareholders, the partners have the right to manage the business directly. An LLP also limits the personal liability of a partner for the errors, omissions, incompetence, or negligence of the LLP's employees or other agents.

LLP has a separate legal entity, liable to the full extent of its assets, the liability of the partners would be limited to their agreed contribution in the LLP. Further, no partner would be liable on account of the independent or un-authorized actions of other partners, thus allowing individual partners to be shielded from joint liability created by another partner’s wrongful business decisions or misconduct.

Advantages:

- Low cost of formation
- Easy to manage and run
- No requirement of any minimum contribution
- No restriction as to maximum number of partners
- Less compliance level
- Less Government intervention
- Easy to dissolve or wind up
- No audit requirement upto contribution Rs. 25 lakh or turnover Rs. 4 lakh.

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================================ **ARTICLE** ================================

LLP or Private Limited Company – a comparison

Category	Company	LLP
Prevailing Law	Companies are prevailed by ‘Companies Act, 1956’	Limited Liability Partnership are prevailed by ‘The Limited Liability Partnership Act, 2008’ and various Rules made there under
Registration	Registration with Registrar of Companies required.	Registration with Registrar of LLP required (Powers now delegated to ROC)
Name of Entity	Name to contain 'Limited' in case of Public Company or 'Private Limited' in case of Private Company as suffix.	Name to contain 'Limited Liability Partnership' or 'LLP' as suffix.
Cost of Formation	Comparatively higher cost of formation.	Much lesser than the cost of formation of Company
Charter Document	Memorandum and Article of Association is the charter of the company which defines its scope of operation.	LLP Agreement is a charter of the LLP which denotes its scope of operation and rights and duties of the partners vis-à-vis LLP.
Number of Members	2 to 50 members in case of Private Company and Minimum 7 members in case of Public Company.	Minimum 2 partners and their is no limitation of maximum number of partners
Tax Liability	Income of Company is Taxed at a Flat rate of 30% Plus surcharge as applicable.	Income of LLP is taxed at a Flat rate of 30% plus education cess as applicable.
Dissolution	Voluntary or by order of National Company Law Tribunal.	Voluntary or by order of National Company Law Tribunal.
Requirement of Managerial Personnel for day to day administration	Directors are appointed to manage the business and other statutory compliances on behalf of the members.	Designated Partners are responsible for managing the day to day business and other statutory compliances.
Statutory Meetings	Board Meetings and General Meetings are required to conducted at appropriate time.	There is no provision in regard to holding of any meeting.
Remuneration ofManagerial Personnel for day to day administration	Company can pay remuneration to its Directors subject to law.	Remuneration to partner will depend upon LLP Agreement.

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Annual Filing	Annual Financial Statement and Annual Return is required to be filed with the Registrar of Companies every year.	Annual Statement of accounts and Solvency & Annual Return is required to be filed with Registrar of LLP every year.
Audit of accounts	Companies are required to get their accounts audited annually as per the provisions of the Companies Act, 1956,	All LLP except for those having turnover less than Rs.40 Lacs or Rs.25 Lacs contribution in any financial year are required to get their accounts audited annually as per the provisions of LLP Act 2008.
Distribution of Profit	Companies are required to pay Dividend Distribution Tax while distributing Dividend to shareholders	LLPs are not required to pay tax again while Distributing net profit after tax among partners.

CONVERSION PROCEDURE (Section 56)

Schedule III of Limited Liability Partnership Rules, 2009, speaks about conversion of existing Pvt. Ltd. Company into LLP.

Eligibility for conversion from Pvt. Ltd. Company to LLP

(1) A company may convert into a limited liability partnership by complying with the requirements as to the conversion set out in this Schedule.

(2) A company may apply to convert into a limited liability partnership in accordance with this Schedule if and only if—

(a) there is no security interest in its assets subsisting or in force at the time of application; and

(b) the partners of the limited liability partnership to which it converts comprise all the shareholders of the company and no one else.

(3) upon such conversion, the company, its shareholders, the limited liability partnership into which the company has converted and the partners of that limited liability partnership shall be bound by the provisions of this Schedule that are applicable to them.

Steps for Conversion:

Step I: Deciding about Designated Partners & Partners for proposed LLP;
Step II: Obtaining DIN / DPIN and Digital Signature Certificates;
Step III: Approval of proposed name from Registrar by filing Form 1;
Step IV: Drafting of LLP agreement;
Step V: Filing incorporation documents in Form 2 along with Form 18 simultaneously with the Registrar with 90 days of approval of Form 1
Step VI: Obtain Certificate of conversion from Pvt. Ltd. Company into LLP from Rsgistrar;

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Step VII: File LLP agreement with payment of Stamp Duty applicable as per respective State of its incorporation in Form 3 within 30 days of its conversion

Statements to be filed.

A company may apply to convert into a limited liability partnership by filing with the Registrar—

(a) a statement by all its shareholders in such form and manner to be accompanied by such fees as the Central Government may prescribe, containing the following particulars, namely:—

(i) the name and registration number of the company;

(ii) the date on which the company was incorporated; and

(b) incorporation document and statement referred to in section 11.

Notice of conversion in correspondence.

(1) The limited liability partnership shall ensure that for a period of twelve months commencing not later than fourteen days after the date of registration, every official correspondence of the limited liability partnership bears the following, namely:

(a) a statement that it was, as from the date of registration, converted from a company into a limited liability partnership; and

(b) the name and registration number of the company from which it was converted.

(2) Any limited liability partnership which contravenes the provisions of sub-paragraph (1) shall be punishable with fine which shall not be less than ten thousand rupees but which may extend to one lakh rupees and with a further fine which shall not be less than fifty rupees but which may extend to five hundred rupees for every day after the first day after which the default continues.

From the above, it can be certainly ascertain that LLP can be an economic and organized structure for medium and small enterprises and existing Companies.

Regards,
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================================ ARTICLE ================================

PRACTICAL ASPECTS OF LISTING AGREEMENT

When the shares of the Company are listed on any Stock Exchange. The basic document which is executed between Company and that Stock Exchange is the Listing Agreement.

However, it does not contain any listing or trading related clause. Now question arises what is the scope and purpose of the Listing Agreement.

CS Ankur Srivastava

The basic criterion on which the whole Listing Agreement based is **Corporate Governance**. Currently there are 55 Clauses in the Listing Agreement and all of them based on this very concept. Further, there is a clause which specifically deals with Corporate Governance i.e. Clause 49. By way of Listing Agreement *inter alia* Stock Exchange ensures on behalf of SEBI that the Companies are following good Corporate Governance Practice.

As such, the Listing Agreement is of great importance and is executed under the common seal of a company. Under the Listing Agreement, the Company is required to make certain disclosures and perform certain acts, failing which the company may face disciplinary action, including suspension / delisting of securities. A Company undertakes, amongst other things, to provide facilities for prompt transfer, registration, sub-division and consolidation of securities; to give proper notice of closure of transfer books and record dates, to forward copies of Annual Reports, Balance Sheets and Profit and Loss Accounts to Stock Exchange, to file shareholding patterns and financial results on a quarterly basis; to intimate promptly to the Exchange the happenings which are likely to materially affect the financial performance of the Company and its stock prices, to comply with the conditions of Corporate Governance, etc.

The Listing Department of Stock Exchange monitors the compliance by the companies with the provisions of the Listing Agreement, specially with regard to timely payment of annual listing fees, submission of results, shareholding patterns and corporate governance reports on a quarterly basis

Important Clauses of Listing Agreement :

Clauses 1 to 14 deals with **Investor Services** such as to provide facilities for prompt transfer, registration, sub-division and consolidation of securities. Clause 11(c) requires that in case of any physical transaction or off-market trade copy of PAN Card of transferee is necessary.

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Clause 15 to 16 deals with the **Book Closure**. Accordingly, a Company cannot close its transfer books on such days as may be inconvenient to the Stock Exchange. A Company close its transfer books for the purpose of declaration of dividend, bonus or rights issue or for such other purposes as the exchange may agree and Companies are required to close their Transfer Books atleast once a year and advance notice of 7 working days is required to be given to the Stock Exchange for the same. Furthermore, there should be atleast 30 days time gap between two book closures.

Under Clause 19 the Company is required to give prior intimation to the Stock Exchange about the date of Board Meeting if the company is going for Buy Back, declaration / recommendation of Dividend, Rights Issue.

Under Clause 20 the Company immediately on the date of Board Meeting intimate the outcome of Board Meeting to the Stock Exchange by way of fax/letter if the Board Meeting was for dividend, results or Buyback. The date of payment / dispatch of divided is also required to be informed to the stock exchange.

Under Clause 20A Companies are required to declare and disclose the dividend on per share basis only.

Under Clause 21 the Company is required to fix and notify the exchange atleast 21 days in advance of the date from which interest on debenture and bonds and redemption amount of redeemable shares or debenture or bonds will be payable. And to issue such warrants or cheques which shall be payable at par, so as to reach the holder of shares, debenture or bonds on or before the date fixed for interest or redemption as the case may be.

**Earlier advance notice for dividend date was also in the said clause.*

Under Clause 22 any change in Capital is required to be disclosed to the Stock Exchange within 15 minutes of the Board Meeting:

- Short particulars of increase of capital by way of rights or bonus or in any other way;
- Short particulars of reissue of forfeited shares or securities;
- Short particulars of any other alteration of capital including calls;
- Any other information necessary to enable the holder of shares to appraise the position of the Company.

Under Clause 24(a) Company has to obtain In-principal approval for listing from the Stock Exchange where the securities of the company are listed before allotment of any further shares.

Under Clause 24(b) & (c) the Company shall make true fair and adequate disclosure in the offer documents / draft prospectus / letter of offer in case of any new or further issue of securities and shall not issue any prospectus / offer document / letter of offer unless the same has been vetted by the SEBI and an Acknowledgement Card has been obtained from SEBI through lead manager.

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Under Clause 24(f) the Company shall file any scheme / petition proposed to be filed before any Court or Tribunal under Section 391, 394 and 101 of the Companies Act, 1956, with the stock exchange for approval atleast 1 month before presenting it to the Court or Tribunal. And under **sub clause (i)** a certificate of Auditors is also required to be obtained certifying that the accounting treatment contained in the scheme is in compliance with all the Accounting Standards.

Under Clause 28 the Company will not make any change in the form or nature of its listed securities or the rights or privileges of the holders thereof without giving 21 days advance notice to the exchange about the proposed change. **Under Clause 28(A)** the Company shall not issue any shares in any manner which may confer on any person any superior right to voting or dividend.

Under Clause 29 the Company will promptly notify the exchange any proposed change in the general character or nature of its business.

Under Clause 30 the Company promptly notify the Stock Exchange any change in director, Managing Director, Manager, Auditors or Secretary.

Under Clause 31 the Company will forward to the Stock Exchange promptly 6 copies of Annual Report all notices prior to the dispatch to Shareholders, Minutes of General Meeting.

**w.e.f. 31/03/2013 the Companies have also to send details of Audit Observation, the format of sending Annual Reports of Qualified and Unqualified Audit Reports are specified by the SEBI through Circular no. CIR/CFD/DIL/7/2012 dated 13th August, 2012. This circular is applicable to all annual audited financial results submitted for the period ending on or after 31st December, 2012.*

Clause 32 deals with the change of name of Listed Company and according to this clause atleast 1 year should be elapsed from the last name change and atleast 50% revenue of the company should be from the new activity suggested by the new name.

Under Clause 33 the Company will forward copies of all the notices sent to its shareholders for amendments to its Memorandum and Articles of Association and forward to the Stock Exchange 6 copies of such amendments as soon as they shall have been adopted by the Company in General Meeting.

Under Clause 35 the Company has to file with the Stock Exchange Shareholding pattern of each class of equity shares in the specified format on quarterly basis within 21 days of the end of each quarter or one day prior to listing of its securities on the stock exchange or within 10 days of any capital restructuring of the Company resulting a change exceeding +/-2% of the total paid up share capital.

Under Clause 35A & 35B the Company has to provide its shareholders e voting facility in respect to those business which are transacted through postal Ballot and submit to the Stock Exchange, within 48 hours of the conclusion of its General Meeting, details regarding the voting results in the specified format.

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Under newly inserted clause 35C Companies are directed that all the employee benefit schemes shall be in compliance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Schemes) Guidelines, 1999. In case of any scheme framed and implemented by the Company involving dealing in the securities of the company before the insertion of this sub clause shall be aligned with the SEBI Guidelines by June, 2013.

Under Clause 36 the Company will keep the Stock Exchange informed about the lock outs, strikes, closure of business, change in business operations, any litigation or dispute, Revision of rating.

**Recently SEBI has issued a circular no. CIR/CFD/DIL/2/2013 dated January 3, 2013 and issued Clarification on Clause 36 of the Equity Listing Agreement that disclosure of any price sensitive information is to be guided as per Listing Agreement and Listed Entities should only disclose published information otherwise the information first to be given to Stock Exchange thereafter to any other body.*

Clause 38 deals with payment of listing fees to the Stock Exchange and payment of Annual Custodian Fees to Depositories. The company has to pay on or before 30th April each year Annual Listing Fee to Stock Exchange and Annual Custodian Fee to the Depositories computed on the basis of capital of the company as on 31st March that year.

Clause 40 deals with minimum level of public shareholding and accordingly every company shall have to maintain a minimum level of public shareholding. It means promoters can not take more that specified percentage of Share Capital of the Company.

Clause 41 deals with preparation and submission of Financial Results. The Company has to disclose its quarterly and yearly results in the following manner:-

The Company has an option to submit audited or unaudited quarterly and year to date financial results within 45 days of the end of each quarter (other than the last quarter).

If the Company opts to submit unaudited results it shall be subject to Limited Review by the Statutory Auditors of the Company and the Limited Review Report shall be furnished to the Stock Exchange within 45 days from the end of quarter i.e. along with the results. If the Company opts to submit audited results it shall be accompanied with audit report.

The Company shall submit Audited Financial Results for the entire financial year, within 60 days of the end of financial year. The Company shall also submit the audited financial results in respect of last quarter along with the results of the entire financial year along with the note that the figures of the last quarter are the balancing figures between the Audited Figures of the full financial year and the published year to date figures upto the third quarter of the current financial year.

It means now the Company has to mandatorily submit Audited Results for the last quarter along with the results of Entire Financial year together within 60 days of the end of financial year.

As a part of audited or unaudited financial results for every half year the Company shall also submit by way of note a Statement of Assets and Liabilities

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The results as above are to be submitted within 15 minutes of the Board Meeting to the Stock Exchange by way of fax.

If the comp-any has subsidiaries :-

i it may, in addition to submitting quarterly and year to date stand alone financial results to the stock exchange under item (c) i.e. within forty-five days of the end of the quarter, also submit quarterly and year to date consolidated financial results within forty-five days from the end of the quarter; and

ii while submitting annual audited financial results prepared on stand-alone basis under item (d), it shall also submit annual audited consolidated financial results to the stock exchange within sixty days from the end of the financial year.

Notice

The Company shall give prior intimation about the Date and Time and Purpose of the meeting in which the financial results will be considered to the Stock Exchange at least 7 clear days prior to the meeting. The Company shall simultaneously issue a public notice in at least 2 daily news papers (one in English daily and one in regional language daily).

Publication of Results

The Company shall within 48 hours of conclusion of the Board or Committee meeting at which the Financial Results were approved, publish a copy of the financial results which were submitted to the Stock Exchange in atleast one in English daily news paper and one in regional language daily news paper.

Under Clause 42 the Company has to deposit 1% of the value of securities before offering to the public or existing shareholders which is refundable or forfeitable in the manner stated in the rules of stock exchange.

Under Clause 47(a) the Company has to appoint a Company Secretary to act as a Compliance Officer to deal with all the shareholders requests and to deal with Stock Exchange.

Under Clause 47(c) the Company has to submit to the Stock Exchange a certificate from the Practicing Company Secretary within one month of each half year certifying that all certificates have been issued timely and such certificate is required to be made available to the Stock Exchange within 24 hours of receipt of the certificate by the Company.

Under Clause 47(e) the Company will execute Memorandum of Understanding with RTA and shall submit copy of the same to the Stock Exchange within 48 hours for its record.

Under Clause 47(f) the Company will designate an email ID of the grievance redressel division / compliance officer exclusively for the purpose of redressing investor grievances and inform it to the Stock Exchange.

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Clause 49 Corporate Governance:

1. Board of Directors there shall be optimum combination of executive and non executive directors with not less than 50 % of the Board comprising non executive directors.

Where the chairman of the Board is non executive, at least 1/3rd of the Board should comprise independent directors. Where the Chairman is executive director, at least ½ of the Board should comprise of independent directors.

Independent Director

The expression 'Independent Director' shall mean a Non Executive Director of the Company who:

a. apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;

b. is not related to promoters or persons occupying management positions at the board level or at one level below the board;

c. has not been an executive of the company in the immediately preceding three financial years;

d. is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:

   i) the statutory audit firm or the internal audit firm that is associated with the company, and

   ii) the legal firm(s) and consulting firm(s) that have a material association with the company.

e. is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director.

f. is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.

g. Is not less than 21 years of age.

Explanation

a. Associate shall mean a company, which is an "associate" as defined in Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

b. "Senior management" shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

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c. “Relative” shall mean “relative” as defined in section 2(41) and section 6 read with Schedule IA of the Companies Act, 1956.

Nominee directors appointed by an institution, which has invested in or lent to the Company shall be deemed to be Independent Directors.

Explanation:

“Institution’ for this purpose means a public financial institution as defined in Section 4A of the Companies Act, 1956 or a “corresponding new bank” as defined in section 2(d) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 [both Acts].”

Other provisions as to Board

The Board shall meet atleast 4 times in a year, with a maximum time gap of four months between any two meetings.

A director shall not be a member in more than 10 committees or act as chairman in more than 5 committees across all companies.

The Board should lay down a code of conduct for all Board members and senior management of the Company. The code of conduct shall be posted on the website of the Company.

Information to be placed before Board of Directors

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, which are materially important
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.

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10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-Compliance of any regulatory, statutory or listing requirements and shareholders services such as non payment of dividend, delay in share transfer etc.

2. Audit Committee is required to be formed comprising minimum 3 directors as members. Two-third of the members of Audit Committee shall be independent directors. All members of Audit Committee shall be financially literate and atleast 1 member shall have accounting or related financial management expertise. The Chairman of Audit Committee must be independent director and shall present at the AGM to answer the queries of shareholders queries. The Audit Committee shall also meet 4 times in a year with a maximum gap of 4 months. The quorum shall be either 2 or $1/3^{rd}$ of the members of the Committee whichever is greater.

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

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

3. Subsidiary Companies

1. At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non listed Indian subsidiary company.
2. The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.

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3. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

Compliances

1. The company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the directors' report, which is sent annually to all the shareholders of the company. The same certificate shall also be sent to the Stock Exchanges along with the annual report filed by the company.
2. The Company shall submit a quarterly compliance report to the stock exchange within 15 days from the end of each quarter. This report shall be required to be signed by Compliance officer or Company Secretary of the Company.
3. There shall be separate section of Corporate Governance Report in the Annual Report of the Company.

Non-Mandatory Requirements

(1) The Board

A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of a company. The company may ensure that the person who is being appointed as an independent director has the requisite qualifications and experience which would be of use to the company and which, in the opinion of the company, would enable him to contribute effectively to the company in his capacity as an independent director."

(2) Remuneration Committee

i. The board may set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

ii. To avoid conflicts of interest, the remuneration committee, which would determine the remuneration packages of the executive directors may comprise of at least three directors, all of whom should be non-executive directors, the Chairman of committee being an independent director.

iii. All the members of the remuneration committee could be present at the meeting.

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iv. The Chairman of the remuneration committee could be present at the Annual General Meeting, to answer the shareholder queries. However, it would be up to the Chairman to decide who should answer the queries.

(3) 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.

(4) Audit qualifications

Company may move towards a regime of unqualified financial statements.

(5) Training of Board Members

A company may train its Board members in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

(6) Mechanism for evaluating non-executive Board Members

The performance evaluation of non-executive directors could be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend /continue the terms of appointment of non-executive directors.

(7) Whistle Blower Policy

The company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

Under Clause 50 the Company has to mandatorily comply with the Accounting Standards issued by the ICAI.

Clause 52 deals with Corporate Filing and Dissemination System (CFDS), under this clause the company agrees -

(a) to file on the CDFS, such information, statements and reports as may be specified by the Participating Stock Exchanges in this regard.

(b) that the Compliance Officer, appointed under clause 47(a) and the company shall be responsible for ensuring the correctness, authenticity and comprehensiveness of the information, statements and reports filed under this clause and also for ensuring that such information is in conformity with the applicable laws and the listing agreement.

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(c) to ensure that the electronic filing of information through CFDS, pursuant to compliance with any clause of the listing agreement, shall be done within the time limit specified in the respective clause of the listing agreement.

(d) to put in place such infrastructure as may be required to comply with the clause.

Explanation: For the purposes of this clause –

(i) The term "Corporate Filing and Dissemination System (CFDS)" shall mean the portal at the URL www.corpfiling.co.in or such other website as may be specified by the participating stock exchanges from time to time to take care of exigencies, if any.

(ii) The term "Participating Stock Exchanges" shall mean the stock exchanges owning and maintaining CFDS.

Clause 53 and 54 are new clause which provides that if the Company enters into any agreement with Media Company, it is required to be informed to the Stock Exchange. The company is required to maintain its functional website containing basic information about the Company, details of business, financial performance, shareholding pattern, compliance with corporate governance, contact information, email id of compliance officer etc.

Clause 55 has recently been inserted which is applicable to top 100 listed Companies based on market capitalization as on 31st March, 2012 and shall effective from financial year ending on or after 31st December, 2012. Accordingly, as part of their Annual Report the Companies need to send Business Responsibility Reports describing the initiatives taken by the Company for environment, social and good corporate governance practice.

Thanks & Regards:

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================================ **ARTICLE** ==================================

BUDGET-2013
[BOON OR BANE FOR AUTO SECTOR]

CMA Shriram Varadan

Budget 2013 – AUTO SECTOR

Indeed, the Indian Automobile Industry has engraved finest position as one of the fast growing Industrial sectors in the last few years. The Auto sector has seen a phenomenal growth ranging from passenger vehicles to utility vehicles. But the concern prior to the budget is generally the disparity in excise duty for large & small cars and with a sluggish demand for the past few months the expectation was mostly to refrain from additional levies on auto segment which will bring some relief to the auto players who will have significant diesel variants in their portfolio. The expectation was mainly on reduction of excise duties & service tax on passenger vehicles so as to encourage consumer buying. The market has been reeling under the effects of a decrease in demand, rising fuel prices and weak sentiments. Due to this prevailing circumstances, majority of companies have put off their expansion and investment plans expecting for a brighter remedy from the government end.

The release of Budget 2013 for Auto Sector had a serious impact in its business since it fails to deal with acknowledging sector problems and nothing to stimulate demand.

HIGHLIGHTS OF BUDGET 2013

- Hike in Excise duty rates for SUV’s from 27% to 30%
    - MUV cant be separated from SUV’s, ironically hike applies to both
    - In India , Utility vehicles are fast moving, since this budget the motor vehicles are sure to suffer from price hikes, but UV registered as taxi will be exempted from excise hike
- Imported Luxury Vehicles will feel the squeeze since the duties on CBU have been increased to 100 % from 75%. This will make the manufacturers to invest in local assembly to remain price competitive
- Subsidy for electric cars remains as same till 31st March 2015
- In India, more than 10 lakh motor claims are pending before tribunals in India. To address this issue, PSU insurance companies will now organize ‘adalats’ to dispose off claims at rapid pace

Cont…

- There is no single reference in allocating funds for improving road safety since India has the record number of road accidents
- One Welcome move noted is 'JNNURM' is proposed to go up to Rs.14000 crores from Rs.7300 crores. This positive move will create a demand for at least 10000 buses which can be supplied by automobile giants Ashok Leyland & Tata Motors so as to get benefit on this allocation.

IMPACT OF BUDGET 2013

- This cannot be considered as a good budget for Auto-sector , with duty hikes all manufacturers will pass on the burden to the end consumers which eventually leads to sluggish sales
- If there is slow down in sales , there might be chances of labour attrition at dealers end primarily
- There is no great information to boost consumer confidence and to revive the growth.
- This budget has already forced the OE's to boost their sales by advertising attractive freebies on car sales so as to attain considerable market space and to remain competitive
- It would have been best time to introduce positive measures such that the revival of industry growth can be achieved significantly
- Main concern is hike of excise duties as felt by many major OE's
- The concessions available to environment friendly vehicles are still in effect and proposed to continue

CONCLUSION

To sum up budget 2013 fails to revive the auto sector judiciously, since duty hikes & additional levies induces the OE's to rethink on their financing decisions, pricing strategy, labour turnover, production & supply schedules, supplier negotiations, eliminate redundant costs, pay cuts owing to sluggish demand which makes the end consumer to set aside the investment on motor asset or to get the burden of paying more. The change is not only on the Investment portfolio of manufacturer but also on the end consumers.

Thanks and Regards:
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================================ **ARTICLE** =================================

Real Estate Sector and Union Budget 2013

As there was lot of expectations from this budget, that budget might be investors or common men friendly. However in reality it does not seems like that. If we talk about real estate and union budget 2013, there was *two sided* impact on it, i.e. DIRECT TAX and INDIRECT TAX.

One by one we take a look on both the aspects. First we take ***Indirect Tax:***

1. **Service Tax (Applicable from April 01, 2013)** ***Service Tax on 25% of the value of transaction:***

   Conditions:-

   1) Residential property having carpet area of less than or equal to 2000 sq ft.; *and*
   2) Value shall be less than `1 Crore.

2. ***Service tax on 30% of the value of transaction.***

   Conditions :-

   1) Residential property having carpet area more than 2000 sq ft; *or*
   2) Value of that home or flat is more than ` 1 Crore.

However in case of commercial properties service tax is levy able on 30% of the value of transaction.

Note: Here value means the amount actually charged to the customer as consideration against the property.

Direct Tax:

TDS on the value of property – w.e.f. June 01, 2013

In union budget 2012 also, the provision of deduction of 1% TDS on the value of property was introduced. However later on, that provision was withdrawn due to its complexity in mechanism.

TDS at the rate of 1% shall be charged on the value of transfer of immovable property where the consideration exceeds ` 50 lakh. However, agricultural land will be exempt.

Note:

1. Every person (Person as per the definition of Income Tax Act) including Individual is covered in this provision.

Cont…

2. If the value of property exceeds ` 50 lakh (say ` 55 lakh), however the consideration is less than ` 50 lakh (say ` 45 lakh), whether this provision will be applicable? Still debatable. Majority views are **No**. However, TDS will be charged if the value of consideration (value of transfer) exceeds ` 50 lakh.

This scheme has been introduced to curb the black money involved in real estate transaction.

Additional Deduction of ` 1 Lakh u/s 80EE:

Additional deduction of Rs 1 lakh of interest amount has been proposed to person taking a loan for his first home from a bank or a housing finance corporation up to ` 25 lakh during the period 1.4.2013 to 31.3.2014. However the **value** of property does not exceed ` 40 Lakh.

Question: Whether the deduction on account of interest expense has been enhanced from ` 1.5 lakh to ` 2.5 lakh?

Answer: No, the limit of deduction of interest of ` 1.5 lakh under the head house property has not been enhanced; however a new deduction under sec 80EE has been introduced.

Question: In FY 2013-14 my total interest is ` 2.10 lakh and in FY 14-15 it will be ` 1.90 lakh, whether I can claim the deduction of additional ` 1 Lakh in two different financial year?

Answer: Yes, we can. However the total limit of additional deduction does not exceeds ` 1 lakh in totality.

Question: I am buying a property for a consideration of ` 35 lakh and borrowing ` 24 lakh from Bank. However the stamp duty valuation of that property is ` 45 lakh. Whether I am eligible for the benefit of Sec 80 EE

Answer: No, as per the wording of the provisions, The **VALUE** of the property should not exceed ` 40 Lakh.

With *Warm Regards :*
Team TAX INDIA SERVICES

============================ **MOTIVATIONAL**==============================

Don’t Quit

When things go wrong, as they sometimes will,
When the road you're trudging seems all uphill,
When the funds are low and the debts are high,
And you want to smile, but you have to sigh,
When care is pressing you down a bit,
Rest, if you must, but don't you quit.

Life is queer with its twists and turns,
As every one of us sometimes learns,
And many a failure turns about,
When he might have won had he stuck it out;
Don't give up though the pace seems slow;
You may succeed with another blow.

Don't give up though the pace seems slow;

You may succeed with another blow.

Often the goal is nearer than,
It seems to a faint and faltering man,
Often the struggler has given up,
When he might have captured the victor's cup,
And he learned too late when the night slipped down,
How close he was to the golden crown.

Success is failure turned inside out—
The silver tint of the clouds of doubt,
And you never can tell how close you are,
It may be near when it seems so far,
So stick to the fight when you're hardest hit—
It's when things seem worst that you must not quit.

With Courtesy:
Prashant Gupta
Chartered Accountant

================================== UPDATES ==================================

Ministry of Corporate Affairs
Government of India

Ministry of Corporate Affairs has issued a Notification dated 15/03/2013 and amended the Companies (Directors Identification Number) Rules, 2006 to provide for the Cancellation or Deactivation of DIN. Accordingly, an application may be made to the Central Government or Regional Director (Northern Region), Noida or any officer authorised by the Regional Director for cancellation or deactivation of DIN in the following cases:

(a) the DIN is found to be duplicate;

(b) the DIN was obtained by wrongful manner or fraudulent means;

(c) of the death of the concerned individual;

(d) the concerned individual has been declared as lunatic by the competent Court;

(e) if the concerned individual has been adjudicated an insolvent;

upon being satisfied on verification of particulars of proof attached with the application received from any person seeking cancellation or deactivation of DIN the Central Government or Regional Director (NR), Noida or any other officer authorised by the Regional Director (NR) may cancel or deactivate the allotted DIN.

Provided that before cancellation or deactivation of DIN under clause (b), an opportunity of being heard shall be given to the concerned individual.

================================= **UPDATES** =================================

सत्यमेव जयते

Ministry of Corporate Affairs

Government of India

In continuation with General Circular No. 03/2013 dated 8th February, 2013, The Ministry of Corporate Affairs (MCA) has further issued a Circular No: 07/2013 dated March 20th, 2013 that the time limit for filing and relaxation of additional fee on forms has been extended till 31-03-2013.

The scenario arising where the due date was falling before 17/01/2013, however, additional fee increased due to non-filing of documents between 17/01/2013 and 28/02/2013 (both days inclusive). The affirmative step based on the ticket raised by ROC and the additional fee mentioned therein, will be:-

1. Change of additional fee applicable against respective SRN in the database;
2. Regeneration of challan with revised additional fee;
3. Extension of validity period of the challan till 7 days from the date of change;
4. Sending an e-mail along with challan to the user requesting him to pay the amount as per the revised challan. (User may also download the challan from FO Portal)

The other scenario where all the documents which have expired on or after 17-01-2013 due to non-submission/re-submission PUCL will be restored back. The validity of tickets raised till 24-03-2013 will be entertained and the user will be given the time to file the documents within seven days of intimation to user. In case of failure to file the form within seven days, the form will be marked as (Not To Be Taken on Record) NTBR and no further relaxation will be granted.

Further, it is clarified that fee payable for forms on / till 16-01-2013 will remain payable along with additional fee and relaxation of any additional fee and relaxation of any additional fee will be considered for forms on or after 17-01-2013.

All other terms and conditions of the General Circular No. 03/2013 dated 08.02.2013 will remain the same.

Ministry of Corporate Affairs
Government of India

In exercise of the power conferred by Section 58A read with Section 642 of the Companies Act, 1956, the Central Government in consultation with Reserve Bank of India has further amended the Companies (Acceptance of Deposit) Rules, 1975. Accordingly, Ministry of Corporate Affairs has issued a Notification dated 21.03.2013 and notified following amendment:

1. In rule 2, clause (b) sub clause (x) has been substituted as under:

“(x) any amount raised by the issue of bonds or debentures secured by the mortgage of any fixed assets referred to in schedule VI of the Act excluding intangible assets of the company or with an opinion to convert them into shares in the company.”

Provided that in the case of such bonds of debentures secured by the mortgage of any fixed assets referred to in schedule VI of the Act excluding intangible assets the amount of such bond and debenture shall not exceed the market value of such fixed assets.

2. Rule 11A shall be substituted as under:

“11A. The Regional Director or Registrar of Companies or any other officer of the Central Government shall be authorised to make complaints under sub section (2) of Section 58AAA of the Act.”

================================= UPDATES =================================

Ministry of Corporate Affairs
Government of India

Important News

Stamp duty payable for the registration of Article of Association in the state of Kerala has been revised from ` 1,000 payable upto 31.03.2013 to ` 10,000/- w.e.f. 01.04.2013 vide Kerala Finance Bill 2013.

IMPORTANT INFORMATION

Subject: PHONE NUMBERS OF DIN CELL

Stakeholders are hereby informed that the new contact numbers for DIN Cell effective 18.03.2013 will be:

DIN Cell : 05836 231130 (3 lines), 05836 231140 (3 lines)

Note: The changes required to be made for implementing the Circular No.3 dated 08/02/2013 on ‘relaxation of additional fees and extension of last date in filing of various forms’ is still being tested/validated in the system. As soon as the validation is completed, Stakeholders will be duly informed through an appropriate message on the portal. However, the time limit has been extended upto 31st March, 2013 (Circular No: 07 dated 20/03/2013).

================================== UPDATES ==================================

Ministry of Corporate Affairs
Government of India

CIRCULARS/ NOTIFICATIONS ISSUED DURING THE MONTH OF MARCH, 2013

Ref No.	Date	Description
General Circular No. 06/2013	14.03.2013	Clarification under Section 372A(3) of the Companies Act, 1956.
G.S.R.(E)	15.03.2013	Company Board(Group 'B' Post- Section Officer)Recruitment Rules, 2013.
G.S.R.(E)	15.03.2013	Companies Directors Identification Number (Amendment) Rules, 2013.
General Circular No. 07/2013	20.03.2013	Relaxation of additional fees and extension of last date in filing of various forms with the Ministry of Corporate Affairs-reg.
G.S.R.(E)	21.03.2013	Companies(Acceptance of Deposits Amendment)Rules, 2013.

REGULATIONS FOR ISSUANCE AND LISTING OF NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES:

SEBI has in its Board Meeting held on 08/03/2013 approved the SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 thereby providing a comprehensive regulatory framework for issuance and listing of non-convertible redeemable preference shares. As in case of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the proposed Regulations provide framework for public issuance of non-convertible redeemable preference shares and also listing of privately placed redeemable preference shares. Considering the risks involved in the instrument, certain requirements like minimum tenure of the instruments (three years), minimum rating ("AA-" or equivalent) etc. have been specified in case of public issuances. For listing of privately placed non-convertible redeemable preference shares, minimum application size for each investor is fixed at Rupees Ten Lacs.

As per Basel III norms, Banks can issue non-equity instruments such as Perpetual Non-Cumulative Preference Shares and Innovative Perpetual Debt Instruments, which are in compliance with the specified criteria for inclusion in Additional Tier I Capital. The proposed Regulations shall, mutatis mutandis, be applicable to aforesaid instruments issued by banks, subject to compliance with the provisions of Companies Act, 1956 or/ and any other applicable laws and such other conditions that may be specified by SEBI and subject to making adequate disclosures and relevant risk factors in the offer document.

================================ **UPDATES** ================================

NEW COPYRIGHT RULES, 2013

The Copyright Rules, 2013 has been notified by the Copyright Division, Department of Higher Education, Ministry of Human Resource Development on 14^{th} March, 2013. The amendments to the existing provisions of the Copyright Act, 1957 and introduction of new provisions under the Copyright (Amendment) Act, 2012, which came into the force on 21^{st} June, 2012, necessitated amendments to the Copyright Rules, 1958. The draft Rules were posted on the website of the Copyright Office on 28th August, 2012 seeking comments of all stakeholders and experts giving a deadline of 21^{st} September, 2012.

The Copyright Rules, 2013 provide new rules for statutory license for cover versions and broadcasting of literary and musical works and sound recording; compulsory licenses for works withheld from public, unpublished and published works, for benefit of disabled; registration of Copyright Societies and Performer's Right Societies; storage of transient or incidental copies of woks; making or adapting the work by organizations working for the benefit of persons with disabilities; importation of infringing copies and technological protection measures.

Under the Copyright Rules, 2013, the fee for registration of copyright for various works and fee for licenses to be issued by Registrar of Copyrights under the directions/orders of the Copyright Board have been revised upward as under:

1. The minimum fee has been increased for registration from Rs. 50/- per work to Rs. 500/- per work and the maximum fee has been increased from Rs. 600/- per work to Rs. 5,000/-
2. The fee for licenses has been increased from Rs. 200/- to Rs. 2000/- per work and the maximum fee has been increased from Rs. 400/- to Rs. 40,000/-.
3. The new fee structure provided under Second Schedule of the Rules is applicable from the date of coming into force of the Copyright Rules, 2013 that is 14^{th} March, 2013.

================================ UPDATES ================================

भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

STANDARDIZATION AND ENHANCEMENT OF SECURITY FEATURES IN CHEQUE FORMS/MIGRATING TO CTS 2010 STANDARDS

Reserve Bank of India has issued a Circular no. RBI/2012-13/444 dated 18/03/2013 and further extended the time limit for use of non CTS cheques. Accordingly, all residual non-CTS-2010 cheques with customers will continue to be valid and accepted in all clearing houses [including the Cheque Truncation System (CTS) centers] for another four months up to **July 31, 2013**, subject to a review in June 2013.

Cheque issuing banks shall make all efforts to withdraw the non-CTS-2010 Standard cheques in circulation before the extended timeline of July 31, 2013 by creating awareness among customers through SMS alerts, letters, display boards in branches/ATMs, log-on message in internet banking, notification on the web-site etc.

Banks shall not charge their savings bank account customers for issuance of CTS-2010 standard cheques when they are issued for the first time. However, banks may continue to follow their existing policy regarding cheque book issuance for additional issuance of cheques, in adherence to their accepted Fair Practices Code.

No fresh Post Dated Cheques (PDC)/Equated Monthly Installment (EMI) cheques (either in old format or new CTS-2010 format) shall be accepted by lending banks in locations where the facility of ECS/RECS (Debit) is available. Lending banks shall make all efforts to convert existing PDCs in such locations into ECS/RECS (Debit) by obtaining fresh mandates from the borrowers.

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

ATTENTION MEMBERS!

UPLOADING OF SCANNED IMAGE OF PHOTOGRAPH & SIGNATURE ON INSTITUTE'S WEBSITE

The Institute has reoriented its online services to capture the information pertaining to photographs and signatures of members. The members may upload the scanned image of their photograph and signature on the website of the Institute by following the steps given below:

1. Open the Institute's website www.icsi.edu.
2. At Homepage click on login button appearing on top of the website.
3. Click on 'Members' Tab and then click on 'Member Login' button.
4. Use your membership number as **Axxxx** for ACS and **Fxxxx** for FCS as your user name.
5. For example, if the Associate Membership number of the member is 2502 then the user name should be written as A2502 and for FCS it should be written as F2502.
6. Your password shall be the same as used by you earlier on our portal www.icsi.in.
7. In case you have not created your password till date you may create your password by using www.icsi.in and then come back to the new portal www.icsi.edu after 48 hours.
8. Once logged in click on 'Members' tab followed by 'My Account' tab.
9. Click on the last tab 'Manage Image'.
10. Click on the browse button to upload your photograph and signature.

    (The format of the file containing the photograph and signature should be in .jpeg format and the size of the file containing the photograph and signature should be maximum of 150 kb each).

In case the members are facing any problem in doing the same, the members are requested to send their images of photograph and signature from their email id registered with the Institute to email IDs at santosh.jha@icsi.edu/ashish.tiwari@icsi.edu .

For clarifications if any, members may contact Mr.Santosh Kumar Jha, Programmer at telephone no. 011 45341062 or write at e-mail ids santosh.jha@icsi.edu or Mr. J S N Murthy, Administrative Officer at jsn.murthy@icsi.edu 011 45341049.

================== COMPLIANCE OF LISTING AGREEMENT ===================

Compliances of Listing Agreement for the quarter ended 31st March, 2013 are as under:

Sr. No.	Compliances	Time Period
1.	Notice of Board Meeting to the Stock Exchange to consider the Annual Results (in case of Audited Results) / Quarterly Results (in case of Unaudited Results)	At least 7 clear days before the Meeting excluding the date of meeting and notice
2.	Press release for Board Meeting (Eng.+Hindi)	Simultaneously i.e. as above
3.	Board Meeting to consider the Qtr. Results (Audited) In case of Last quarter only Audited Results for the entire financial year and for the last quarter both are to be submitted along with audited report.	Within 60 days from the end of Quarter.
4.	Fax of Qtr. Result to SE	Within 15 minutes of Board Meeting
5.	Submission of Audited Result with Auditors' Report	On the date of Board Meeting
6.	Publication of Qtr. Result (Eng.+Hindi)	Within 48 hours of Board Meeting
7.	Shareholding Pattern to the Stock Exchange per clause 35	Within 21 days of end of Quarter
8.	Reconciliation of Share Capital Audit Report from CA/PCS for reconciliation of physical share and Demat shares	Within 30 days of end of Quarter
9.	Clause 47C Certificate from a PCS – Half yearly Compliance Certificate	Within 1 month of end of half year and within 24 hours after signing of PCS
10.	Quarterly Compliance Report on Corporate Governance under Clause 49	Within 15 days of end of Quarter
11.	Annual Listing Fees	Upto 30th April
12.	Annual Custodial fees to NSDL/CDSL	Upto 30th April

CLARIFICATION REGARDING ANNUAL CUSTODIAN FEE TO THE DEPOSITORY PARTICIPANTS

SEBI has issued a circular no. MRD/DOP/SE/DEP/CIR-2/2009 dated February 10, 2009 and revised the annual custodian fee with effect from April 01, 2009. Accordingly, the Depositories may levy and collect the charges towards custody from the issuers, on per folio (ISIN position) basis as at the end of the financial year, as per the details given below:

Issuers to pay @ Rs.8.00 (*) per folio (ISIN position) in the respective depositories, subject to a minimum as mentioned below:

Nominal value of admitted securities (Rs.)	***Annual Custodial Fee payable by a Issuer to each Depository (Rs.) (*)***
Upto 5 crore	6,000
Above 5 crore and upto 10 crore	15,000
Above 10 crore and upto 20 crore	30,000
Above 20 crore	50,000

**** Plus service tax as applicable***

The issuers would be required to pay custody charges to the Depository with whom they have established connectivity based on the total number of folios (ISIN positions) as on 31st March of the previous financial year or the minimum amount, as the case may be, by 30th April of each financial year failing which Depositories may charge penal interest subject to a maximum of 12% p.a.

However, SEBI has reviewed the system of payment of Annual Custodian Fee and issued a circular no. CIR/MRD/DP/ 05 /2011 dated April 27, 2011 and further revised the payment system. Accordingly, it has been decided to modify the methodology of calculating the Annual Issuers charges. **The annual issuer charges would be based on the average no. of folios (ISIN positions) during the previous financial year instead of the total number of folios (ISIN positions) as on 31st March of the previous financial year.** The average no. of folios (ISIN positions) for an Issuer may be arrived at by dividing the total number of folios for the entire financial year by the total number of working days in the said financial year.

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