Significant Achievements for the year 2016-2017 pertaining to CL&CGC

(1) Work done by your committee / department during the year 2016-17 highlighting the significant achievements and its impact on members’ and students’ service and contribution to the society and economy in general;

1. PARTNER IN NATION BUILDING

i. Report of the Parliamentary Standing Committee on Finance on Companies (Amendment) Bill, 2016

The Companies (Amendment) Bill 2016 has been referred to the Parliamentary Standing Committee on Finance in April, 2016. The Hon'ble Parliamentary Standing Committee on Finance has submitted its report to the Parliament.

Apart from the several positive developments particularly on Accounts and Audit & Auditors that have been incorporated in the Companies (Amendment) Bill 2016, on the basis of ICAI’s suggestions and representations, the Committee has given favourable recommendation with regard to Constitution of National Financial Reporting Authority.

The Committee has recommended that consistent with its position on strengthening the oversight of corporate audit, the Committee desire that the existing mechanism in this regard under the ICAI Act should be streamlined and strengthened without needlessly adding to regulatory levels. This may be undertaken in consultations with the Institute of Chartered Accountants of India (ICAI), which is the designated elected self regulatory body for professional audit in the country. Necessary amendments to the ICAI Act may be brought before Parliament, if required, for this purpose so that adequate transparency can be ensured in maintaining accounting and auditing norms as well as ethical standards with a view to protecting the interest of investors and stakeholders.

ii. Moving to resolve Issues of Concerns in the Companies Act 2013

ICAI is regularly submitting representations on the issues in the Companies Act 2013 concerning the profession to the Government and most of the issues in the Companies Act, 2013 have been resolved.

iii. Formation of Indian Institute of Insolvency Professionals of ICAI

The Committee on behalf of ICAI has formed Indian Institute of Insolvency Professionals of ICAI (IIIP) as an Insolvency Professional Agency to enroll Insolvency Professionals who can undertake the process of liquidation and bankruptcy. Till date, more than 700 professionals have been enrolled as an Insolvency Professionals with IIIP.


ICAI has been working closely with the Government for operationalisation of Insolvency and Bankruptcy Code 2016 and its Regulations.
v. **Formulation of Indian Valuation Standards on the basis of International Valuation Standards as issued by International Valuation Standards Council (IVSC)**

The Committee decided to formulate the Valuation Standards on the basis of International Valuation Standards as issued by IVSC i.e., International Valuation Standards may be converged and Indianised.

CL&CGC formulated the following IVSC on the basis of Exposure Draft of the Valuation Standards which are called IVSC 2017:
1. **Ind VS - Introduction and Framework**
2. **Ind VS 101 - Scope of Work**
3. **Ind Vs 102 - Analyses and Evaluations**
4. **Ind VS 103 – Reporting**
5. **Ind VS 104 - Bases of Value**
6. **Ind VS 105 - Valuation approaches and methods**
7. **Ind VS 200 - Business valuation**
8. **Ind VS 400 - Real Estate / Property**
9. **Ind VS 410 - Under Construction / Development Property**

The Valuation Standards would be applicable to the Chartered Accountants as well other professionals who are doing Valuation.

The IVSC 2017 standards have been finalized and issued. Therefore, the Committee is in the process of finalizing the Indian Valuation Standards.

vi. **Interaction with International Valuation Standards Council to obtain copyright for issuance of Indian Valuation Standards as formulated by ICAI.**

ICAI is interacting with IVSC to obtain copyright so that Indian Valuation Standards that have been drafted and Indianised on the basis of International Valuation Standards may be issued.

vii. **Meeting with JS MCA for Operationalisation of various provisions of the Companies Act, 2013 related to Valuation particularly Section 247 of the Act 2013**

A Closed Door Interaction was held with Mr. Amardeep Singh Bhatia, Joint Secretary, Ministry of Corporate Affairs on “Challenges Faced by the Valuation Profession” on 22nd August, 2016 which was attended by CA. Sanjay Vasudeva.

In the meeting, it was discussed that since ICAI has already started the process of drafting Standards. These Standards may also be adopted and called National Standards to be made applicable to all the persons who undertake Valuation. However, the Committee is yet to obtain copyright of IVSC.

It was discussed that ICAI Standards that have been drafted on the basis of Standards issued by International Valuation Standards Council have been converged and customized.
to Indian customary practices which would be adhered to by not only Chartered Accountants but also by other people who undertake Valuation. It was also discussed that these Standards includes Valuation principle Standards, professional standards (like disclosure, ethical practices, formats) including asset valuation standards etc. ICAI can be an agency to register these professionals.

viii. Representation to MCA

a. The Companies Act, 2013

The Committee regularly interacts with the Ministry of Corporate Affairs for smooth implementation of the Companies Act 2013. The Committee submitted the following representations to the Ministry of Corporate Affairs on the basis of requests received from members:

- Regarding waiving off the additional fees, if levied for delay in filing the documents due to technical glitch in MCA-21 online e-filing portal on 7th April, 2016 dated 7th April, 2016.
- Regarding introducing an Easy Exit Scheme/ LLP Settlement Scheme for the limited liability partnership firms registered under the Limited Liability Partnership Act, 2008 dated 27th April, 2016.
- Regarding exempting unlisted and private companies from Reporting on Internal Financial Control by the auditors (Section 143 (3) (i)) and from applicability for preparation of Consolidated Financial Statements (Section 129 (3)) of the Companies Act 2013 dated 4th May, 2016.
- Regarding the Draft Rules of Chapter XVII- Registered Valuers of the Companies Act 2013 relating to applicability of the Valuation Standards while undertaking Valuation of any asset- Valuation Standards that would be formulated by ICAI may be considered for prescribing Valuation Standards as per Rule 17.6 (iv) to Chapter XVII of the Companies Act 2013.
- ICAI Suggestions on the draft Rules under the following Chapters of the Companies Act 2013 dated 4th May, 2016:
  - National Company Law Tribunal (NCLT)
  - Prevention of Oppression and Management and Compromises, Amalgamation and Arrangements
- ICAI Suggestions on the proposed amendments to Secretarial Standard-1 (Meetings of the Board of Directors) and Secretarial Standard-2 (General Meetings) dated 10th May, 2016.
- Regarding postponing the requirement of deposit insurance contract as per Section 73 (2) (d) for accepting deposits dated 10th May, 2016.
- Regarding HUF/Karta can become partner/Designated partner in Limited Liability Partnership dated 16th May, 2016.
- Regarding difficulty in MCA-21 online e-filing portal and difficulty in creation of a company dated 16th May, 2016.
- Regarding continuous change in the version of E-forms till the last date of filing of forms and non-availability of E-forms of previous year on MCA 21 Portal dated 16th May, 2016.
- ICAI suggestions on the Issues and Concerns in the Companies Act, 2013 and Rules thereon as submitted to the Hon'ble Parliamentary Standing Committee on Finance were submitted to MCA dated 31st May, 2016.
- ICAI suggestions on the Issues and Concerns in the Companies Act, 2013 and Rules thereon as submitted to the Hon'ble Parliamentary Standing Committee on Finance were submitted to MCA dated 10th June, 2016.
- Regarding roadmap for Internal Financial Control Applicability (Section 143 (3) (i)) dated 10th June, 2016.
- Regarding non-applicability of Reporting on Internal Control System by the auditors on CFS in line with the requirement of CARO 2016 dated 10th June, 2016.
- Replies to the points raised by the Parliamentary Standing Committee on Finance on Examination of Companies Amendment Bill, 2016 dated 5th July, 2016.
- PPT presented to the Parliamentary Standing Committee on Finance on at its 2nd Oral Hearing with ICAI on 30th August, 2016.
- Replies to the points raised by the Parliamentary Standing Committee on Finance on Examination of Companies Amendment Bill, 2016 at its 2nd Oral Hearing with ICAI on 30th August, 2016 dated 16th September, 2016.
- Regarding differential qualification experience for legal professionals and Chartered Accountants to be empanelled as mediator and conciliator as per Section 442 of the Companies Act 2013. It was also requested to remove the criteria of continuous practice and change it to 10 years post qualification experience instead of 15 years experience.
- ICAI Suggestions on the Draft Notification regarding giving further exemptions to private companies under some of the provisions of the Companies Act 2013.
- Regarding exemption from compliance from compliance of Section 129 (3) of the Companies Act 2013, i.e., preparation of Consolidated Financial Statements.

**b. Representations on the Insolvency and Bankruptcy Code, 2016 to the Insolvency and Bankruptcy Board of India (IBBI) and MCA**

The Committee submitted the following representations to IBBI and MCA:

- Regarding formation of Insolvency Professional Agency by ICAI as per the Insolvency and Bankruptcy Code, 2016.
- Relaxation of the Net worth Criteria of 10 crores to register for an Insolvency Professional Agency.
- ICAI Suggestions with regard to Capital contribution and composition of the Governing Board of Insolvency Professional Agency in November, 2016.
- Clarification regarding eligibility criteria to become insolvency professional in the limited period registration.
- Submitted representation regarding having the similar name and url of the website of Insolvency Professional Agency (IPA) formed by the Institute of Cost Accountants of
India- It has been requested that ICWAI may be asked to change the name of their Agency as well as url of their website to avoid confusion.

ix. Frequently Asked Questions on the Companies Act, 2013

The Committee has prepared Frequently Asked Questions on the Companies Act, 2013. The same would be released soon.

x. Backgrounder/ Input/ writeups on various provisions in the Companies Act and Insolvency and Bankruptcy Code, 2016

The office is regularly providing backgrounder/ Input/ writeups for the programmes conducted by various Committees, some of the inputs are given as follows:

i. Background Material on the Valuation under the Companies Act, 2013.
ii. Background Material on the Schedule II to the Companies Act, 2013.
iii. Background Material on the Mergers and Amalgamation under the Companies Act, 2013.
iv. Background Material on Insolvency and Bankruptcy Code, 2016: Opportunities for Chartered Accountants
v. Comparison of proposals in the Companies (Amendment) Bill 2016 vis a vis CLC Report uploaded on ICAI website.
vi. Article on the Companies (Amendment) Bill, 2016 for April, 2016 issue of ICAI Journal.
viii. Write up on MCA 21 E Governance Portal for ICAI Africa meet.
ix. Write up on E Governance provisions in the Companies Act, 2013 for ICAI Africa meet.
x. Article for ICAI International Conference Technical Backgrounder- Can Auditors become Corporate Governance Professionals.
xii. Detailed Note on ICAI Concerns on the Constitution of National Financial Reporting Authority and shared with the members who are in administrative services.
xii. Document on Development in the Companies Act, 2013 as well as proposed changes with background for introduction of the section in the Companies Act, 2013


Submitted views/ suggestions on IRDAI (Corporate Governance for Insurance Companies) Regulations, 2016 on the request of the Insurance Advisory Committee.

xii. Proposal to National Foundation for Corporate Governance

The National Foundation for Corporate Governance has requested ICAI to send them proposals of Seminar, Orientation programmes for Directors / Faculty or Research work planned for the year 2016 in the area of Corporate Governance, for promoting good Corporate Governance practices.
In this regard, the Committee has submitted its proposals for conducting 5 (Five) full day seminars in different regions of the country which would facilitate deliberations and discussions on the various aspects of corporate governance in the changing business scenario.

xiii. Sought Suggestions from members on the Companies Act, 2013 and Rules thereon

The Committee sought suggestions from the members on the provisions of the Companies Act 2013 and Rules thereon. An online form was created and uploaded on ICAI website where the members could provide their suggestions.

xiv. Sought Suggestions from members on the Regulations to the Insolvency and Bankruptcy Code, 2016

The Committee sought suggestions from the members on the Regulations to the Insolvency and Bankruptcy Code, 2016.

xv. Regular Updates on the Companies Act, 2013

The office is regularly sending updates to the Council members in the Companies Act, 2013 and Rules thereon.

xvi. Announcement and Mass mail for Empanelment as mediator or Conciliator as per Section 442 of the Companies Act, 2013.

The Ministry of Corporate Affairs has issued Companies (Mediation and Conciliation) Rules, 2016 recently. As per the Rules the eligibility criteria for empanelment as mediator and conciliator is that if he has been a professional for at least fifteen years of continuous practice as a Chartered Accountant. In this regard, MCA has issued notice for inviting applications (Region wise) for empanelling experts as and Conciliators.

In view of this, the Committee hosted an announcement on ICAI website requesting, the members who are eligible and willing to become mediator and conciliator and empanel themselves with MCA. Mass mail was also sent to All India members to submit application to the respective Regional Director.

Due to the awareness created the members empanelled themselves as mediator or Conciliator.

xvii. Peak Filing of Balance Sheets / Annual Reports- 2016.

The Ministry of Corporate Affairs requested ICAI to facilitate in creating awareness among the members about the early filing of company’s Balance Sheet and Annual Return for the current year preferably before the due date to avoid last minute rush.

An announcement in this regard has already been hosted on the website of the Institute.
xviii. Announcement for requesting members for improving of annual filing compliance by pursuing companies so as to help the Ministry of Corporate Affairs in achieving the targeted compliance.

ICAI is in receipt of a letter from the Ministry of Corporate Affairs (MCA), wherein, it was mentioned that during 2016, MCA intends to take some focused steps for improving of annual filing compliance to meet their targeted objective of 80% compliance rate by companies by ensuring compliance of various statutory and other regulatory requirements with regard to the relevant provisions of the Acts which regulate the functioning of Companies and LLPs.

In line with this, ICAI has been requested to reach out to the members for pursuing and ensuring without fail, compliance filing by companies for the financial year 2015-16 as it is the duty of every registered member to ensure that the companies, they are associated with, do their filing within the stipulated time.

In this regard, following steps were taken:
- An announcement has been hosted on the website of the Institute.
- Mass mail sent to All India members
- CPE Committee was requested to host the announcement in all the programmes approved by the Committee.
- All the Committee Secretaries were requested to host the announcement in the programmes conducted by them.

2. Meeting with Dignitaries


The Hon’ble Joint Committee on the Insolvency and Bankruptcy Code, 2015 requested ICAI to give suggestions on the Bill titled ‘the Joint Committee on the Insolvency and Bankruptcy Code, 2015. Further, The Hon’ble Joint Committee had decided to hear ICAI expert views in connection with the examination of the Bill on 9th February, 2016.

ii. 1st Oral Hearing before the Hon’ble Parliamentary Standing Committee on Finance on the Examination of Companies (Amendment) Bill 2016 on 3rd June, 2016.

The Hon’ble Parliamentary Standing Committee on Finance had requested ICAI to give suggestions on the Companies (Amendment) Bill 2016. ICAI suggestion on the Issues and Concerns in the Companies Act, 2013 and Rules thereon were submitted to the Hon’ble Parliamentary Standing Committee on Finance. The Hon’ble Standing Committee had decided to hear ICAI expert views in connection with the examination of the Bill on 3rd June, 2016. ICAI representatives made a presentation before the Committee.

iii. 2nd Oral Hearing before the Hon’ble Parliamentary Standing Committee on Finance on the Examination of Companies (Amendment) Bill 2016 on 30th August, 2016.
As desired by the Hon’ble Parliamentary Standing Committee on Finance, ICAI had submitted its views on the Examination of the subject “Companies (Amendment) Bill, 2016, at its second meeting held on 30th August, 2016. ICAI representatives made a presentation before the Committee.

iv. Meeting with Chairman, Securities and Exchange Board of India (SEBI) on the concern in the Companies Act 2013 on 10th November, 2016

ICAI Vice President had a meeting with Chairman, SEBI and presented a PPT on the concern in the Companies Act 2013 on 10th November, 2016.

v. Award of Certificate of the First Insolvency Professional Agency of India to ICAI IPA from the hands of Hon’ble Union Finance Minister Shri Arun Jaitleyji.

ICAI IPA has been awarded with the certificate as the First Insolvency Professional Agency of India by Hon’ble Union Finance Minister Shri Arun Jaitley on 28th November 2016 at Delhi.

vi. Award of Certificate to the Insolvency Professionals by the Insolvency and Bankruptcy Board of ICAI

The first set of Insolvency Professional who had enrolled with IIIP of ICAI as on 29th & 30th November 2016 have been awarded with the Certificate of Registration as Insolvency Professionals by Secretary, MCA on 30th November 2016.

3. Initiatives for the Members/Students

i. Guidance Note on the Schedule III to the Companies Act, 2013


ii. Training Programme on the Companies Act 2013 jointly with The Regional Councils and Branches.

The Committee has decided to conduct Training Programmes on implementation of the Companies Act 2013 jointly with the Regional Councils and Branches to make the implementation of the Act easy. In this regard, till date more than 7 programmes on the Companies Act 2013 and Rules thereon have been conducted across the country.


The Committee has decided to conduct Training Programmes on the Insolvency and Bankruptcy Code, 2016 jointly with the Regional Councils and Branches to create awareness among the members.

The Committee is conducting webcasts on the Insolvency and Bankruptcy Code, 2016- A new beginning in India.

v. Interactive Meeting cum Experience sharing session with Shri M Damodaran.

An Interactive Meeting cum Experience sharing session was conducted on 17th June, 2016 with Shri M Damodaran on Non-Executive Directors, their responsibilities and difficulties faced at the backdrop of the Companies Act 2013 and recent SEBI Regulations at Mumbai.

vi. Certificate Course on Valuation
The Committee has so far conducted 66 batches of the Certificate Course on Valuation. Till date 3300 members have been registered for the Course.

4. International Achievements

i. Membership of International Valuation Standards Council, US

ICAI has become a member of the International Valuation Standards Council since September, 2016.

ii. ICAEW to become Knowledge Partner for ICAI Insolvency Professional Agency.

Institute of Chartered Accountants of England and Wales has agreed to become Knowledge Partner for ICAI Insolvency Professional Agency.

(2) The work / projects in hands;

1. To interact with the Government on various issues related to the Companies Act, 2013 and Rules thereon.
2. Reply to the issues/queries raised by MCA/ Other Regulators and Bodies for ICAI Views.
3. To issue draft Valuation Standards as being prepared on the basis of International Valuation Standards issued by International Valuation Standards Council.
4. Release updations in the Companies Act 2013 and Rules thereon for the benefit of members.
5. To help the Government in operationalisation of The Insolvency and Bankruptcy Code, 2016 and closely working with Group II and III of the Insolvency and Bankruptcy Code, 2016.
6. Refresher Series on the Companies Act 2013 to be conducted by Committee during the year 2016-2017.
7. Release of the draft publications on the Chapters of the Companies Act 2013, once the Companies (Amendment) Bill 2016 is passed by the Parliament.
8. Any other work which is assigned to the Committee.

(3) The pending activities / projects for the year 2016-17.

1. The Committee is in the process of obtaining copyright from International Valuation Standards Council, to issue Valuation Standards on the basis of International Valuation Standards.
2. To finalize comments received from MCA on the Financial Formats for LLPs as prepared earlier.

3. To define Management Services u/s 144 of the Companies Act, 2013- Included in the Agenda of the Council meeting.