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Secretarial Standard (SS-3) on Dividend as issued by ICSI

Institute of Company Secretaries has introduced Secretarial Standard (SS-3) on Dividend to bring it in conformity with the provisions of the Companies Act 2013.

This Standard shall not apply to a company limited by guarantee not having share capital and does not deal with Dividend, if any, declared by the companies under liquidation.



This Standard shall come into effect from 1st January, 2018

The major changes as introduced in the New SS-3 are as follows:-

1. Definitions:

i) Dividend:

Earlier:

Dividend meant a distribution of any sums to Members out of profits or reserves available for the purpose and, in the context of this Standard, refers to Dividend recommended by the Board and declared by Members, i.e. 'final' Dividend.

As per New SS-3:

"Dividend" means a distribution of any sums to Members out of profits and wherever permitted out of free reserves available for the purpose.

ii) Final Dividend:

Earlier:

No definition given

As per New SS-3:

"Final Dividend" means the Dividend recommended by the Board of Directors and declared by the Members at an Annual General Meeting.

iii) Free Reserves

Earlier:

Free Reserves meant reserves the utilization of which is not restricted in any manner.

As per New SS-3:

"Free Reserves" means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as Dividend.

However, the following amount shall not be treated as free reserves:

- (i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as reserve or otherwise, or
- (ii) any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value.

2. Taxes

Earlier:

No provision given

As per New SS-3:

Taxes as applicable on distribution of Dividend shall be paid by the company within the prescribed time.



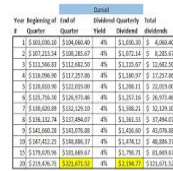
3. Disclosure

Earlier:

No specific provision given as to disclosure in Notes to Accounts

As per New SS-3:

Notes to Accounts forming part of the financial statements of the Company shall disclose the aggregate amount of Dividend proposed to be distributed to equity and Preference Shareholders for the financial year and the related amount of Dividend per share. Arrears of fixed cumulative Dividend on preference shares shall also be disclosed separately.



Year	Beginning of Quarter	Quarter	Dividend	Quarterly	Total
1	15,000,000.00	15,000,000.00	4%	\$1,500,000.00	\$ 4,500,000.00
2	14,000,000.00	14,000,000.00	4%	\$1,400,000.00	\$ 3,200,000.00
3	13,000,000.00	13,000,000.00	4%	\$1,300,000.00	\$ 2,900,000.00
4	12,000,000.00	12,000,000.00	4%	\$1,200,000.00	\$ 2,600,000.00
5	11,000,000.00	11,000,000.00	4%	\$1,100,000.00	\$ 2,300,000.00
6	10,000,000.00	10,000,000.00	4%	\$1,000,000.00	\$ 2,000,000.00
7	9,000,000.00	9,000,000.00	4%	\$900,000.00	\$ 1,700,000.00
8	8,000,000.00	8,000,000.00	4%	\$800,000.00	\$ 1,400,000.00
9	7,000,000.00	7,000,000.00	4%	\$700,000.00	\$ 1,100,000.00
10	6,000,000.00	6,000,000.00	4%	\$600,000.00	\$ 800,000.00
11	5,000,000.00	5,000,000.00	4%	\$500,000.00	\$ 500,000.00
12	4,000,000.00	4,000,000.00	4%	\$400,000.00	\$ 200,000.00

4. Listed Companies

Earlier:

No provision given

As per New SS-3:

Specific section for disclosure required to Listed companies has been given.

Valuation by Registered Valuers

Since a number of different organisations are dealing with various, distinct group of assets, such as land and building, machinery and equipment, having separate set of valuers for valuation and although the section 247 provides for valuation to be made by a person having such qualifications and experience and registered as a valuer in such manner, on such



terms and conditions as may be prescribed, there was a need to provide clarity and remove the difficulties of having no reference to an organisation to which the valuer may belong.

Therefore, the Central Government hereby makes the Companies (Removal of Difficulties) Second Order, 2017 w.e.f 23.10.2017 to remove the above said difficulties and the following changes were brought in sec 247 of the companies act

“in section 247, in sub-section (1), for the words “a person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed”, the words “a person having such qualifications and experience, registered as a valuer and being a member of an organisation recognised, in such manner, on such terms and conditions as may be prescribed” shall be substituted.

Insertion of class of companies which are required to file their financial statements and other documents in e-form AOC-4 XBRL

The Ministry of Corporate Affairs has introduced new Companies (Filing of Documents and Forms in the Extensible Business Reporting Language), Amendment, Rules, 2017.

Point no (iv) of 3 of the earlier rules 2015 which covered under XBRL filing all companies covered by Filing of Documents and Forms in Extensible Business Reporting Language Rules, 2011 has been replaced by new point no (iv) and covers all companies which are required to prepare



their financial statements in accordance with Companies (Indian Accounting Standards) Rules, 2015.

To summarize the following class of companies shall file their financial statements and other documents under section 137 of the Act with the Registrar in e-form AOC-4 XBRL



- (i) companies listed with stock exchanges in India and their Indian subsidiaries;
- (ii) companies having paid up capital of five crore rupees or above;
- (iii) companies having turnover of one hundred crore rupees or above;
- (iv) **all companies which are required to prepare their financial statements in accordance with Companies (Indian Accounting Standards) Rules, 2015:**

Non-banking financial companies, housing finance companies and companies engaged in the business of banking and insurance sector are exempted from filing of financial statements under these rules.”

Also as per new E-form AOC-4 (XBRL) the companies are also required to disclose the information in respect that whether financials statements have been drawn on the basis of (i) AS Taxonomy (ii) Ind-AS Taxonomy.

The Companies (Accounts) Amendment Rules, 2017

MCA on 7th November, 2017 has amended the Companies (Accounts) Rules, 2014 to include the disclosure related to Specified Bank Notes (SBN) and hence the following disclosure is required:

i) Disclosure in respect of details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 and



ii) Whether the auditors have reported as to whether company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and if so, whether these are in accordance with the books of accounts maintained by the company

Establishment of Special Court in Madras

The Central Government, with the concurrence of the Chief Justice of the High Court of Judicature at Madras, hereby designates the following Courts mentioned in table below as Special Court for the purpose of providing speedy trial of offences punishable with imprisonment of two years or more as under:



Court	Jurisdiction as Special Court
XV Additional Court, XVI Additional Court of City, Civil Court, Chennai	State of Tamil Nadu except Districts of Coimbatore, Dharmapuri, Dindigul, Erode, Krishnagiri, Namakkal, Nilgiris, Salem and Tiruppur.

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