

# PATIALA CHAPTER OF NIRC OF ICSI

## Motto

सत्यं वद। धर्मं चर।  
इफेदके तेद त्रुथे. बबिदेदुे by तेद लव.

## Vision

"To be a global leader in promoting  
good corporate governance"

## Mission

"To develop high calibre professionals  
facilitating good corporate governance"

# ABOUT

- This newsletter is published with the consent of all Management Committee members. Articles Published in the Newsletter are invited by giving notices to all the members.
- The Patiala Chapter, NIRC-ICSI is not in any way responsible for the result of any action taken on the basis of the articles/write-ups published in the Newsletter. The views expressed in articles are the views of authors and not to be understood as the views of the Patiala chapter. All rights are reserved. No part of this newsletter may be reproduced or copied in any form, by any means, without the written permission of the Patiala Chapter, NIRC-ICSI.
- The write-ups of this newsletter are also available on the website of the Patiala Chapter, NIRC-ICSI.
- CS Khaminder Sharma, Chairman of Patiala Chapter has published the newsletter for and on behalf of Patiala Chapter of Northern India Regional Council of the Institute of Company Secretaries of India at Multani Mal Modi College, Lower Mall, Near Sunami Gate, Opp. Polo Ground, Patiala – 147 001, Email: patiala@icsi.edu; Ph: 9812573452.

# Chapter Managing Committee



CS Khaminder Sharma

Chairman



CS Ravinder Kumar

Vice Chairman



CS Rajni Jindal

Secretary



CS Jaspal Singh Dhanjal

Member



CS Rita Aggarwal

Member



CS Yogita

Member

**Patiala Chapter  
Help Desk  
Ph. No. 9812573452**

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## EDITORIAL BOARD

1. **CS KHAMINDER SHARMA- CHAIRMAN**
2. **CS JASPAL SINGH DHANJAL- MEMBER**
3. **CS RAJNI JINDAL - MEMBER**
4. **CS YOGITA - MEMBER**
5. **CS JASPREET KAUR DHANJAL - MEMBER**

### Disclaimer:

While every effort has been made and care has been taken in the preparation of this E-Newsletter and to ensure its accuracy at the time of publication, the Chapter assumes no responsibility for the errors which, despite all precautions, may creep in. It is suggested that the readers should cross check all the facts and the relevant law position before acting on any matter. The Views expressed in Articles are personal views of the author and it should not be taken as views of the Institute.

## MESSAGE FROM CS NAGENDRA D. RAO PRESIDENT, THE ICSI



**“Sometimes we are tested not to show our weaknesses but to discover our strengths.”**

Although the first phase of COVID-19 pandemic began in the first half of 2020, it was the second phase of 2021 that truly tested and challenged us in ways unprecedented. Be it our personal health or that of our close family members, the impact has been quite draining. And yet I would commend each one of you for the strength and grit that you have portrayed as you endured the ordeals that came your way.

Friends, if you were to ask me, the best part about true professionalism; is its limitlessness, limitlessness of course curriculum, of work profile, and even of the territories to serve and perform. Rather, professionalism, in its truest sense, is a way of life. The traits expected of us in our professional journey are the ones that we are required to portray in any and every arena of our lives. While the pandemic has challenged us in more ways than one, it is this very portrayal of professionalism that calls for an optimistic outlook, a positive approach and a never-ending hunt of silver linings despite the clouds surmounting.

While hoping firmly that the road to normalcy shall be soon alighted and that we shall be resuming our professional journeys in full fervour, I commend the Patiala Chapter for having launched its First edition of the newsletter in the year gone by as a knowledge enhancement and information sharing initiative to keep the fire of learning burning even amidst trying times.

With the second edition of the e-Newsletter in line, I extend my heartiest congratulations to the Chairman, the Management Committee as well as all the members connected with the Patiala Chapter of the NIRC of ICSI on the roll out of this edition. Thoroughly commending the contributors, I firmly that the members, students as well as the stakeholders connected with the Chapter shall utilize this knowledge enrichment initiative to the fullest for it is our combined knowledge reservoir that shall lead us to the path of wisdom and professional excellence. It is with this thought that I always say and believe,

Together we can. Together we will.

With warm regards,

**(CS Nagendra D. Rao)**

**President**

**The Institute of Company Secretaries of India**

## MESSAGE FROM CS VIMAL GUPTA CHAIRMAN, NIRC OF THE ICSI



Dear Professional Colleagues,  
Greetings of the Day!

I am writing this communiqué with a hope that all of you are following the norms and precautions required for avoiding COVID-19 be it getting Vaccinated or wearing of mask or maintaining distance with others.

Friends your elected representatives at Chapter Level, Regional Level and Central Level are doing their best for the upliftment of the Profession. We are organizing many Online Master Classes, Webinars and other programs at nominal fee or no fee. As far as joining in these events are concerned I am sure that the Connectivity has improved in last year and we can expect better participation. I request you to join these Professional Development Programs.

We celebrated PCS Day on 15th June, 2021 and GST Day on 1st July, 2021. On both the occasions we felicitated few of our members. We are hopeful that our members will represent in fields other than Corporate Laws.

ICSI is celebrating July as Student's Month. I hope that Chapter will organize many activities to encourage

the confidence of the students. The examinations of Foundation, Executive & Professional Level are scheduled to be held in the month of August. I wish all the best to the students who will be appearing in the Examinations.

I appeal to all the members, who have not yet enrolled for the Company Secretaries Benevolent Fund, to become member of the Benevolent Fund. Keeping in view of the present situation it is most appropriate time to become member of CSBF.

Hope you have a joyful journey reading this newsletter that will enhance your knowledge!

Wishing all of you a good health! Stay Safe, Stay Healthy, and take care.

Thanks & Regards,

**CS Vimal Gupta**  
**Chairman - NIRC**  
**9314324282**  
**chairman.nirc@icsi.edu**

## MESSAGE FROM CS HIMANSHU HARBOLA TREASURER, NIRC OF THE ICSI



### Dear Members & Students of Patiala Chapter of NIRC of the ICSI

Greetings of the Day!!!!

It gives me immense pleasure to write for Patiala Chapter of NIRC of the ICSI which has emerged as one of the leading chapters of ICSI under the able & visionary leadership of its chairman CS Khaminder Sharma Ji and entire managing committee of Patiala Chapter. I must acknowledge the hard work & dedicated efforts put in by all erstwhile chairmen associated with the Patiala Chapter specially CS Jaspal Singh Dhanjal Ji and other committee members of the Patiala Chapter for making it one of the fastest growing chapter of ICSI in India within a span of two years of its establishment.

I wish to personally congratulate Patiala Chapter for doing exceedingly well by organizing webinars on various important academic topics & other student/member activities, thus raising the standard of Patiala Chapter at another level.

Famous American Minister Martin Luther King, Jr. has one said "We must accept finite disappointment, but

never lose infinite hope." Friends in these difficult times we must not lose hope and keep trying for betterment by updating and enhancing our knowledge and skill set. This Global Pandemic of Coronavirus has given us a lifetime opportunity to learn in dealing with toughest situation of life, since our personal & professional life has been greatly been disturbed at same time it has given us strength and courage to come out from any given situation of life.

I must again congratulate the chairman CS Khaminder Sharma Ji, Chapter Charman of Patiala Chapter and its entire managing committee for a great future ahead and I am sure they shall keep on working tirelessly for the members and students of Patiala region.

Please stay safe and secure.

My best wishes!!!

**CS Himanshu Harbola**  
**Treasurer & Regional Council**  
**Member- NIRC-ICSI**  
**FCS: 9357**  
**Mobile No. +91-9818993836**



# MESSAGE FROM CS VISHAWJEET GUPTA CHAIRMAN, CHANDIGARH CHAPTER OF NIRC OF THE ICSI



Dear Professional Colleagues,

“If we never experience the chill of a dark winter, it is very unlikely that we will ever cherish the warmth of a bright summer’s day. Nothing stimulates our appetite for the simple joys of life more than the starvation caused by sadness or desperation. In order to complete our amazing life journey successfully, it is vital that we turn each and every dark tear into a pearl of wisdom, and find the blessing in every curse.” — Anthon St. Maarten

In fact, researchers have found that positive thinkers live longer, live healthier, have more energy, have more successful careers, make better decisions, are more productive, are less stressed, have healthier relationships, and (not surprisingly) are much happier than pessimists. So, stay positive and be happy.

It gives me immense pleasure that the Patiala Chapter of the NIRC of ICSI, inspite at its very nascent stage, has been continuously endeavouring for the growth of the profession by organising various programmes, webinars etc. The Chapter has now come up with the release of another

Newsletter, which is surely a proud moment for every member of the Chapter and definitely a direction in the pursuit of professional excellence. This has all been possible due to tireless efforts of the Managing Committee members of the Patiala Chapter.

On behalf of Chandigarh Chapter of NIRC of ICSI, I extend my warm wishes to all the Managing Committee members of the Patiala Chapter for their outstanding efforts.

Stay safe and stay healthy.

With Best Regards,

**Vishawjeet Gupta,  
Chairman,  
Chandigarh Chapter**

# MESSAGE FROM CS JASPAL SINGH DHANJAL FOUNDER CHAIRMAN, PATIALA CHAPTER OF NIRC OF THE ICSI



Dear Professional Colleagues

As we are going through tough time of Covid-19 second phase. The heartening thing is that the figure is on the decline. Due to the pandemic, many activities of the Chapter have been hampered but still our moral is high. We expect the educational institutions will open towards the end of this month and physical activities of the Chapter will commence again. The Chapter will undertake activities relating to students i.e. One Day Orientation, Career Awareness, etc.

Though we are interacting through Webinars but we will start physical Meetings of Members as soon as the Government lifts restrictions. I request the members to come forward and join hand to achieve the targets set by ICSI for the Patiala Chapter.

Looking forward for continued support towards achieving the Goal of ICSI.

Thanks & Regards

**CS Jaspal Singh Dhanjal**  
**Founder Chairman,**  
**Patiala Chapter of NIRC of the ICSI**

# MESSAGE FROM CS KHAMINDER SHARMA CHAIRMAN, PATIALA CHAPTER OF NIRC OF THE ICSI



**“Wisdom is not a product of schooling but of the lifelong attempt to acquire it.”  
— Albert Einstein**

Dear Professional Colleagues,

Greetings of the Day!

It gives me immense pleasure to release this edition of newsletter and continue the legacy started by Managing Committee & E-Newsletter Committee of Patiala Chapter.

The knowledge is the only power that makes our members “The Professionals”. For sustainable growth & development, our members have to consistently upgrade with their knowledge. Seminars, webinars, study circle meetings, master classes, articles, write-ups etc. are the sources of information and helpful in knowledge enhancement. Chapter plays an important role by conducting activities relevant for its members & students. Patiala Chapter has always made its best efforts for conducting such activities. The activities of the Chapter got affected in the Month of April & May 2021, due to lockdown imposed by Patiala Administration. Now, activities of the chapter has been resumed with enthusiasm.

I acknowledge the constant support & guidance provided to Patiala Chapter by The President of ICSI & Chairman, NIRC of the ICSI.

I would like to thank the Managing Committee of Patiala Chapter as well as Newsletter Editorial Committee for their constant support, guidance and excellent work. Our team is very dedicated and working restlessly for the betterment of the profession.

Also, I extend my gratitude towards members of the Patiala Chapter for always taking initiative in various activities organised for members & students of the Chapter.

Wishing all of you a good health and happy reading.

**Thanks & Regards,**

**CS Khaminder Sharma  
Chairman**


**Patiala Chapter of NIRC of the ICSI  
9115151000**

**chairman.patiala@icsi.edu  
khaminder@gmail.com**

# CHAPTER ACTIVITIES / GLIMPSES

# Chapter Activities /Glimpses

1st One Day Orientation Programme Foundation & Executive Programme Students held on 31<sup>st</sup> January, 2021



**THE INSTITUTE OF  
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भारतीय कम्पनी सचिव संस्थान  
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Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)

Patiala  
Chapter

## PATIALA CHAPTER OF NIRC OF ICSI

Invites the Students of  
Foundation & Executive Programme for

# ONE DAY ORIENTATION PROGRAMME

**DATE & TIME**  
Sunday, 31<sup>st</sup> JANUARY, 2021  
10:00 AM to 06:00 PM

**VENUE**  
Chapter Office Premises,  
Mullani Mal Modi College, Lower Mall,  
Near Sumami Gate, Patiala-147001

For registration please click: <https://forms.gle/NiqXUF9LRGUDAAhr7>

**ELIGIBILITY:**

1. One day Orientation Programme shall be applicable to all the students registered for Foundation & Executive Programme on or after 1<sup>st</sup> June, 2019.
2. Students registered on or after 1<sup>st</sup> June, 2019 are required to attend One Day Orientation Programme within 15 days of registration in Foundation/Executive Programme.
3. Minimum 10 and Maximum 20 Students are required for each Batch.
4. Prior registration is compulsory.

**For more information contact:-**  
Mr. Upendra Kumar Biswal,  
Programme Co-ordinator /Office-In-Charge,  
Patiala Chapter of NIRC of ICSI,  
E-mail: [patiala@icsi.edu](mailto:patiala@icsi.edu) or [upendra.biswal@icsi.edu](mailto:upendra.biswal@icsi.edu)  
Mobile: +91-98125-73452

**With Best Compliments:**

CS Khaminder Sharma Chairman	CS Ravinder Kumar Vice-Chairman	CS Rajni Jindal Secretary	CS Gurdeep Kaur Treasurer
CS Yogita Immediate Past Chairperson, Patiala Chapter	CS Jaspal Singh Dhanjal Member		CS Rita Aggarwal Member

**ICSI Vision**  
"To be a global leader in  
promoting good  
corporate governance"

**ICSI Motto**  
वाचं धेनुं धर्मं धरे।  
speak the truth, abide by the law

**ICSI Mission**  
"To develop high calibre  
professionals facilitating  
good corporate governance"



# Chapter Activities /Glimpses

Study Circle Meeting on the Theme “The Companies

(Amendment) Act, 2020 & Union Budget 2021-2022 held on 14<sup>th</sup> February, 2021



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Patiala Chapter

**PATIALA CHAPTER OF NIRC OF ICSI**  
*Cordially Invites Its Members & Students for*  
**STUDY CIRCLE MEETING**  
*On the Theme*  
**The Companies (Amendment) Act, 2020**  
**&**  
**"Union Budget-2021-2022"**

**DATE & TIME**  
 Sunday, 14<sup>th</sup> February, 2021  
 09:30 AM to 02:00 PM

**VENUE**  
 Chapter Office Premises,  
 Multani Mal Modi College, Lower Mall,  
 Near Sunami Gate, Patiala-147001

**Speakers**



CS Jaspreet Kaur Dhanjal



CS Jaspal Singh Dhanjal  
 Company Secretary  
 Punjab State Power Corporation Limited  
 &  
 Founder Chairman, Patiala Chapter

**CPE Hour: 04 (Four)**  
 Fees: 300/-  
 Inclusive of GST

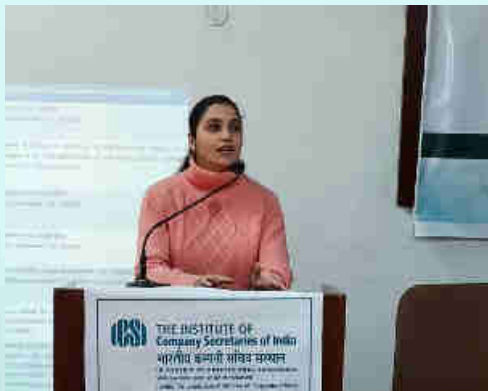
**With Best Compliments:**

CS Khaminder Sharma Chairman	CS Ravinder Kumar Vice-Chairman	CS Rajni Jindal Secretary	CS Gurdeep Kaur Treasurer
CS Yogita Immediate Past Chairperson, Patiala Chapter	CS Jaspal Singh Dhanjal Member	CS Rita Aggarwal Member	

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# Chapter Activities /Glimpses

Celebration of International Women's Day in Collaboration with Multani Mal Modi College, Patiala on 8<sup>th</sup> March, 2021



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Credit Hours  
 Member: 4PCH  
 Students: 6PDP



**PATIALA CHAPTER OF NIRC OF ICSI**  
*in collaboration with*  
**MULTANI MAL MODI COLLEGE, PATIALA**  
*cordially invites you to celebrate*  
**International Women's Day**



on  
**8<sup>th</sup> March, 2021 from 11:00 AM onwards**

Venue  
 Chapter Office  
 Premises, Mulani Mal  
 Modi College, Patiala

## TOPICS

Fees  
 Member: 300/-  
 Student: 100/-  
 (Incl of GST)

**FINANCIAL FREEDOM OF WOMEN**

&

**WOMEN IN LEADERSHIP: ACHIEVING AN EQUAL FUTURE IN A COVID-19 WORLD**

### Guest of Honor



CA Daisy Gupta,  
 Vice-Chairperson,  
 Patiala Branch of The  
 Institute of Chartered  
 Accountants of India



CMA Monika Kansal,  
 Vice-Chairperson,  
 Patiala Branch of The  
 Institute of Cost  
 Accountants of India

### Eminent Speakers



Dr. Ratinder Kaur,  
 Faculty, School of  
 Management Studies,  
 Punjabi University,  
 Patiala



CS Jaspreet Kaur Dhanjal,  
 Member, E-Newsletter  
 Editorial Committee of  
 Patiala Chapter of ICSI

### With Best Regards

**CS Khaminder Sharma**  
 Chairman

**CS Ravinder Kumar**  
 Vice-Chairman

**CS Rajni Jindal**  
 Secretary

**CS Gurdeep Kaur**  
 Treasurer

**CS Yogita**

**CS Jaspal Singh Dhanjal**

**CS Rita Aggarwal**

Immediate Past Chairperson,  
 Patiala Chapter

Member

Member

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From Left to Right: CS Jaspal Singh Dhanjal, Founder Chairman, Patiala Chapter, CS Khaminder Sharma, Chairman, Patiala Chapter, Dr. Kushwinder Kumar, Principal, Modi College Patiala, Dr. Ratinder Kaur, Faculty, School of Business Studies, Punjabi University Patiala, CS Jaspreet Kaur Dhanjal, Member E-Newsletter Committee of Patiala Chapter, CA Daisy Gupta, Vice-Chairperson, Patiala Branch of ICAI, CMA Monika Kansal, Vice-Chairperson, Patiala Branch of ICMAI.

# Chapter Activities /Glimpses

2<sup>nd</sup> One Day Orientation Programme Executive Programme  
Students held on 13<sup>th</sup> March, 2021



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Patiala  
Chapter

## PATIALA CHAPTER OF NIRC OF ICSI

*Invites the Students of  
Executive Programme for*

## ONE DAY ORIENTATION PROGRAMME

### DATE & TIME

Saturday, 13<sup>th</sup> March, 2021  
10:00 AM to 06:00 PM

### VENUE

Chapter Office Premises,  
Mulkani Mal Modi College, Lower Mall,  
Near Sunami Gate, Patiala-147001

For registration please click: <https://forms.gle/pjCoeKHy6WusKNwz8>

### ELIGIBILITY:

1. One day Orientation Programme shall be applicable to all the students registered for Foundation & Executive Programme on or after 1<sup>st</sup> June, 2019.
2. Students registered on or after 1<sup>st</sup> June, 2019 are required to attend One Day Orientation Programme within 15 days of registration in Foundation/Executive Programme.
3. Minimum 10 and Maximum 20 Students are required for each Batch.
4. Prior registration is compulsory.

### For more information contact:-

Mr. Upendra Kumar Biswal,  
Programme Co-ordinator/Office-in-Charge,  
Patiala Chapter of NIRC of ICSI,  
E-mail: [patiala@icsi.edu](mailto:patiala@icsi.edu) or [upendra.biswal@icsi.edu](mailto:upendra.biswal@icsi.edu)  
Mobile: +91-98125-73452

### With Best Compliments:

CS Khaminder Sharma  
Chairman

CS Ravinder Kumar  
Vice-Chairman

CS Rajni Jindal  
Secretary

CS Gurdeep Kaur  
Treasurer

CS Yogita

CS Jaspal Singh Dhanjal

CS Rita Aggarwal

Immediate Past Chairperson,  
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# Chapter Activities /Glimpses

1<sup>st</sup> Webinar of 2021 on the Topic “NCLT Practice & How to Overcome the Challenges Faced by Professionals during Covid-19” Held on 4<sup>th</sup> June, 2021



PATIALA  
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Patiala Chapter of NIRC of ICSI Cordially Invites You for Webinar on the topic

“NCLT PRACTICE & HOW TO OVERCOME THE CHALLENGES FACED  
BY PROFESSIONALS DURING COVID-19”

Friday, 04<sup>th</sup> June, 2021 from 6:00 pm to 7:30 pm

PCH/CPE: 1 Hour (unstructured)

No Participation Fee

Webinar URL Link: Will be shared with regd. Participants. For registration please send your name & membership no. at [patiala@icsi.edu](mailto:patiala@icsi.edu) or WhatsApp- 9115151000, 9812573452

Chief Guest



CS Vimal Gupta  
Chairman – NIRC of the ICSI

Eminent Speaker



CS Himanshu Harbola  
Treasurer – NIRC of the ICSI.

**Please note:**

1. Registration opening date: 29.05.2021, Closing date to register for webinar is 04.06.2021 (4:00 pm)
2. Only for members having Professional/Residential address at PATIALA.
3. Participants will be accommodated only on first-cum-first serve basis.
4. Only up to first valid 75 registration will be accepted.
5. Credit hours/CPE will be awarded to only those members who attend the complete Webinar.
6. Members are required to attend the webinar on time.

CS Khaminder Sharma  
Chairman

CS Ravinder Kumar  
Vice-Chairman

CS Rajni Jindal  
Secretary

CS Gurpreet Kaur  
Treasurer

CS Yogita  
Immediate Past Chairperson

CS Jaspal Singh Dhanjal  
Member

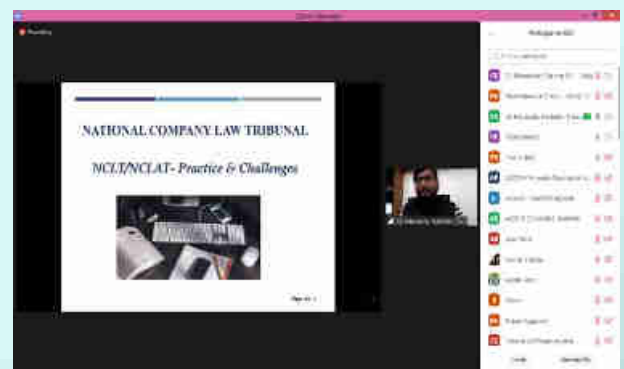
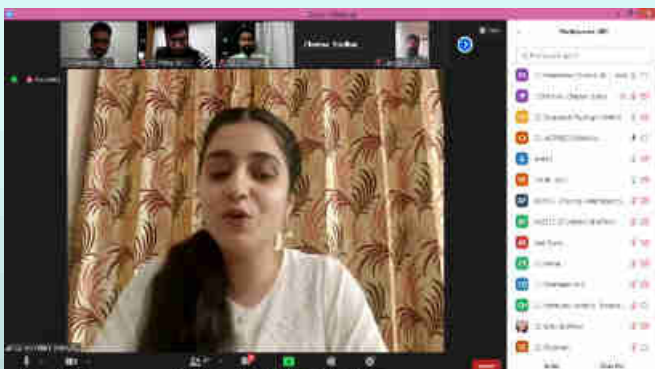
CS Rita Aggarwal  
Member

For any further details, please contact Mr. Upendra, Office In-charge at [patiala@icsi.edu](mailto:patiala@icsi.edu) / [upendra.blswal@icsi.edu](mailto:upendra.blswal@icsi.edu) or 9812573452.

**VISION**  
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**ICSI Motto**  
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Speak the truth. abide by the law.

**MISSION**  
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# Chapter Activities /Glimpses

2<sup>nd</sup> Webinar of 2021 on the Topic “Secretarial Audit: Practical Approach & Auditing Standards” Held on 28<sup>th</sup> June, 2021



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भारतीय कम्पनी सचिव संस्थान  
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## PATIALA CHAPTER OF NIRC OF ICSI

cordially invites you on 2<sup>nd</sup> Webinar of 2021

Monday 28<sup>th</sup> June, 2021 from 06:30 PM to 08:00 PM

No Participation Fees  
Credit Hour: 1  
(Unstructured)

**TOPIC**

### Secretarial Audit: “Practical Approach & Auditing Standards”



**CS NPS Chawla**  
Council Member, The ICSI  
(Guest of Honor)



**CS Sumit Grover**  
Practising Company Secretary  
(Key Note Speaker)



**CS Jaspreet Kaur Dhanjal**  
(Moderator)



**CS Khaminder Sharma**  
(Chairman, Patiala Chapter)

**Please note:**

1. Registration opening date: 23.06.2021. Closing date to register for webinar is 28.06.2021 (4:00 pm)
2. Participants will be accommodated only on first-cum-first serve basis.
3. Only up to first valid 75 registration will be accepted.
4. Credit hours/CPE will be awarded to only those members who attend the complete Webinar.
5. Members are required to attend the webinar on time.

**Webinar URL Link:** Will be shared with Registered Participants.

For registration please fill google form:- <https://forms.gle/FhcySbgceVHKaIZC9>  
For more info: Please contact Mr. Upendra Kumar Biswal Contact:- 9812573452  
E-Mail:- [patiala@icsi.edu](mailto:patiala@icsi.edu)

With Best Regards

**CS Khaminder Sharma**  
Chairman  
**CS Yogita**  
Immediate Past Chairperson

**CS Ravinder Kumar**  
Vice-Chairman  
**CS Jaspal Singh Dhanjal**  
Member

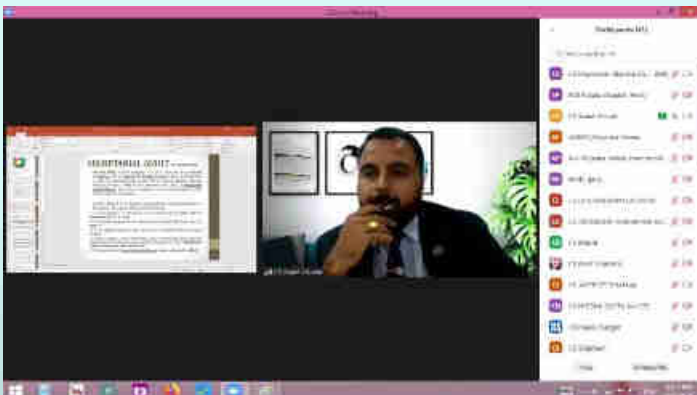
**CS Rajni Jindal**  
Secretary  
**CS Rita Aggarwal**  
Member

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good corporate governance"



# ARTICLES & WRITE UPS

# The Shadow Pandemic: Pandemic Within A Pandemic



CS Jaspreet Kaur Dhanjal

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Practicing Company Secretary

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“She remembered who she was and the game changed.”  
– Lalah Deliah

We have celebrated the International Women’s Day on 8<sup>th</sup> March. This year the theme of UN for Women’s Day was Women in Leadership: Achieving Equal Future in Covid-19. But apart from women in leadership, women showing up in health care sector, leaderships, teachers, entrepreneurs, there were women who faced domestic violence at their own homes. Women’s Day lasts for one day, but the crimes against women are increasing day by day. The most dangerous crime against women is the violence, abuse and humiliation faced by her at their own homes, by their own partners only.

“Each time a woman stands up for herself, without knowing it possibly, without claiming it, she stands up for all women”. –Maya Angelou

The Pandemic has shown us the state of women in our society. Many women have faced another pandemic alongside COVID pandemic i.e. a shadow pandemic, in layman’s language its domestic violence. Domestic violence is physical, verbal, emotional and economic abuse been done to women in the name of adjustment.

Domestic violence (DV) is one of the worst forms of violence because it is experienced at the hands of a partner or a loved one and it degrades. Pandemics have historically been associated with different forms of violence. Sometimes, communal, sometimes against health workers, and often in the domestic sphere. DV is a type of gender-based violence (GBV) that happens at homes and usually involves the spouse or partner or other family members. While the term “home” resonates with a place of safety, comfort, and warmth for many, victims of DV endure varying levels of suffering and pain at their homes. DV also includes intimate partner violence (IPV) which is defined as “the behavior of an intimate partner that causes physical, sexual, or psychological harm, including acts of physical aggression, sexual coercion, psychological abuse, and controlling behaviors.”

DV, particularly during this COVID-19 pandemic and the ensuing lockdown, has posed a major challenge for frontline mental health professionals. Women have reported difficulty in help seeking, while professionals have reported difficulties in assessment, service delivery, and in linking women to appropriate services. About three out of four women tend to experience IPV globally. The UN Women has reported increased rates of violence against women and children during the COVID-19 pandemic. However, it is difficult to measure the point prevalence due to restrictions both in accessing help and in reporting.

Women in society lacks respect, equality and love that she deserves. While lockdown many countries like China, Australia, France and other countries as well as India has shown increase in rates of domestic violence. As per data, one in three women are physically abused by their intimate partners. Women have faced this problem all over the world. Its sad that the increase came because of being locked with your abusers, it was difficult for women to reach out to anyone for help, there was difficulty in commuting. Violence against women and girls is a human rights violation.

Violence in home situations is likely to increase for several reasons – living with families in close confined spaces during the lockdowns can lead to conflicts as people are denied other ways of overcoming stress or boredom. Many people experience a variety of stress, but they do not respond to it with abusive behavior. A psychological theory posits that childhood trauma, pre-existing personality disturbance, or substance abuse may be an explanation for why some individuals resort to the perpetuation of violence. Economic vulnerability during pandemics causes livelihood issues such as job losses, prolonged unemployment, reduced income, debts, and food insecurity. The protracted course of pandemics can lead to chronic stress, which is well known to play a significant role in causing poor mental health and psychiatric disorders.<sup>1</sup> The drastically changed circumstances arising out of the pandemic could trigger or worsen the existing conflicts in the house. In case there was an already-ongoing DV due to the perpetrators’ controlling behaviors, jealousy, and misogynistic attitudes, it may increase during lockdowns. The perpetrators and victims are in close contact round the clock which when coupled with social isolation could reinforce violence. Before the pandemic, women and children might have already faced extensive barriers, challenges, and complex decisions that might have prevented them from escaping the perpetrators safely. Such challenges to escape are amplified during a pandemic because their mobility is constrained, especially due to the social-distancing measures, economic insecurities, and disrupted routines. Perpetrators may also be aware that help is not available at hand and their controlling behaviors may therefore increase.

According to the National Family Health Survey-4, spousal violence in ever-married women in India between 15 and 49 years of age was 31.1%, which is a reduction of 6% from the findings obtained 10 years before it. The most common type of spousal violence was physical violence (30%) followed by emotional violence (14%). About 4% of women reported having experienced DV during their pregnancy. Most women seek help from informal sources and family rather than the police or women’s organizations. Despite the Prevention of Domestic Violence Act being available, women often hesitate to use legal protections. This could be due to a lack of knowledge, mistrust of the police and justice systems, or poor access to legal help. The lockdown issued for the current pandemic has worsened the situation for Indian women, and the National Commission for Women (NCW) has received an increased number of DV complaints in the first four phases of the lockdown announced by the government. Such a spurt in complaints has never been documented by the NCW in the last decade. There have been suggestions that the increased number of complaints may not be due to new incidents but are rather from repeatedly abused victims. The reasons for the increase or decrease in the numbers reported have not been explored yet.

In the COVID-19 pandemic situation, the source of help is often not available as women are not able to leave for their maternal homes. Under the current restrictions and fear due to the COVID-19 pandemic, the family members may not be able to offer the help they would have offered

otherwise. Medical and police personnel are many times the first point of contact for the victims of DV. COVID-19 has posed a major challenge to the health-care system of the country. A significant proportion of the resources have been diverted for tackling the pandemic – regular outpatient consultations have been decreased, elective surgeries have been limited, and many hospitals have been reorganized as COVID-19 care facilities. Unless the treating doctor is looking out for signs of DV, the chances of picking up the crucial information are less. The health-care policy differences in different states add to the complexity of addressing DV. The lockdown has also engaged more police personnel in patrols and in enforcing lockdown. The overworked medical and police personnel may not be able to devote the time and effort required to sensitively identify and help the sufferers of DV.

Violence against women tends to increase in any emergency, including epidemics. Stress, disruption of social and protective networks, increased economic hardship and decreased access to services can exacerbate the risk of women suffering violence.

The Eastern Mediterranean Region has the second highest prevalence of violence against women (37%) worldwide. This is due to structural systems that maintain gender inequalities at different levels of society, compounded by political crises and socioeconomic instability in the Region.

The Region also faces more humanitarian emergencies than any other part of the world, with a huge number of refugees and internally displaced populations.

In the case of COVID-19, isolation, restricted movement and stay-at-home measures to contain the spread of the infection have a particularly acute impact on women. The chances of women and their children being exposed to violence is dramatically increased, as family members spend more time in close contact and household stress intensifies, and the risk grows even greater when families also have to cope with potential economic or job losses.

India is a country where goddesses are worshipped and women are being beaten in their own houses. They are not educated enough to know their rights. The educated one on the other hand are brought up in a certain way to tolerate everything in the name of adjustment. They are not allowed to raise their voice against their partners and their family in the name of tradition. The society also starts targeting the victim only.

Since the outbreak of COVID-19, emerging data and reports from those on the front lines, have shown that all types of violence against women and girls, particularly domestic violence, has intensified.

This is the Shadow Pandemic growing amidst the COVID-19 crisis and we need a global collective effort to stop it. As COVID-19 cases continue to strain health services, essential services, such as domestic violence shelters and helplines, have reached capacity. More needs to be done to prioritize addressing violence against women in COVID-19 response and recovery efforts. Everyone has a role to play.

UN Women is providing up-to-date information and supporting vital programmes to fight the Shadow Pandemic of violence against women during COVID-19.

There is a need to address this issue. Urgent action is needed across the WHO South-East Asia Region to strengthen efforts to protect women and girls from violence and to support their health needs amid the ongoing COVID-19 pandemic. Globally, one in three women experiences physical and/or sexual violence in her lifetime, mostly in the form of intimate partner violence. In the Region, that figure is estimated to rise to two in five women, or around 40%. Violence against women has serious health impacts, encompassing injuries, as well as physical, mental, sexual and reproductive health problems, including sexually transmitted infections, HIV and unplanned pregnancies, and mental health problems.

The emergence and spread of COVID-19 has made women and girls especially vulnerable to increased violence and abuse. Limitations on movement can keep women isolated from support services and friends and in close proximity with their perpetrators, often in situations of increased economic and psychological stress. Women have been disproportionately affected by loss of livelihoods, increasing their economic vulnerability and dependence. The risk to women and girls comes at a time when social protection services to respond to violence such as hotlines, shelters and legal aid have in many areas been disrupted. It is imperative that these and other support services are not only revived and maintained, but also expanded. On the International Day for Elimination of Violence against Women, which marks the beginning of the UN's annual campaign, the 16 Days of Activism against Violence against Women, WHO calls on all health sector stakeholders in the Region to take a leading role in addressing this serious public health issue. WHO commends Member States for introducing new or upscaled gender-sensitive measures during the COVID-19 response and urges ongoing action across several key areas.

The things that would help eliminate domestic violence are:

- **Education** – The education of women is very important. So that she knows the laws made in favour of her. The education of a woman make her financially independent and can live on her own.
- **Support** – The support of her family, friends and colleagues is very important. She feels emotionally strong by having their support.
- **Accessible Emergency Help** – At the time she faces any problem, there should be a helpline number

The pandemic has shown the real colors of an individuals. The shadow pandemic of violence against women shows how COVID-19 is exposing, exploiting and exacerbating pre-existing inequalities, including gender inequalities. The 16 Days campaign lasts until 10 December, which is observed every year as Human Rights Day, underscoring the fact that women's rights are human rights. WHO will

continue to support Member States in the Region to respect, protect and fulfil these rights and achieve our shared vision of a gender-equal Region that is free of violence against women and girls.

What causes men to be violent?

- **Male Dominance** – The society believes that male gender has an upperhand and can do anything. They are not stopped and told that they are wrong. The dominance of male gender still rules the society. The women are dominated by their partners.
- **Other Woman** – The men are mostly gaslighted and manipulated by other women in the family. These women are the mothers, sisters and sisters in law of their partner. They are mentally tortured by them.
- **Societal Norms** – The society makes a woman believe that she should not raise her voice against all this because she should be tolerant of all this behaviour. The woman who raises voice for her becomes a bad example for other women in the society. They are demeaned and their voices are tried to be shut.
- **Violent Family Members** – The kids who grow up in violent behaviour tend to be violent adults. The kids who watch their mothers being beaten up tend to beat their wives as well. They try to portray the same behaviour and turn out to be violent partners.
- **Controlling Behaviour** – Our society teaches men to be controlling of their wives. The controlling husbands are the best husbands. Such men are abusive, arrogant, violent and the ones who misbehave with their wives.

These are the reasons and causes of domestic violence. But the need of the hour is how to control and reduce the Rates of domestic violence: We should all start to discuss how to stop domestic violence. The society, law and police should help the women to curb and report domestic violence against them. The solution of the increasing domestic violence is:

- **Reporting Immediately** – Women should be encouraged to report the crime immediately. They should call the police and report the matter to the police. So that police could come and help the women. You need to report it to seek justice.
- **Financial Independence of Women** – The women need to be financially independent, so that at the time of crises, they can support themselves and their family. They would not be pressurized to live with a partner if she can earn and live by herself. She would have a right of support herself and take legal actions as well.
- **Raising Voice against this crime** – The women now need to raise their voice against this crime. They have to understand that enough is enough.

No one has a right to torture and harass us in the name of tradition, ritual or any relation.

- **Supportive Society** – The society needs to support the women fighting for herself. The society should understand that if you will support one woman, tomorrow your daughter will also live in that happy and nice environment.
- **Seeking Help** – The partners can even go for therapies or other counseling sessions while facing problems. Its important to seek help to resolve this problem.

What can be done?

- **Health care facilities** should update the referral pathways of services available locally to include information on psychosocial support and counselling services, protection services, hotlines and shelters.
- **Health care providers** need to be aware of the risk of increased violence against women during this time, so that when survivors reach out to health care facilities (whether or not they have COVID-19, and whether or not they disclose the violence), they can receive appropriate and compassionate health care. Providers can help survivors by offering first-line support and relevant medical treatment.
- **Humanitarian response organizations** need to include services for women subjected to violence and their children in their COVID-19 response plans and gather data on reported cases of violence against women.

## CONCLUSION

Its high time to look into the matter of domestic violence. Stop this crime by starting the change in your own behaviour and in your home. As a woman, I want a place where we are safe and happy. The outer world will only become safe when we have men who know how to behave properly. So, woman don't tolerate anything wrong. Raise your voice and take stand for yourself.

# Buyback Realities

## -How does it impact the companies and their shareholders?



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### Introduction

Royal Philips Electronics of Netherlands (Philips), the Dutch parent of Philips India Limited, was one of the first multinationals (MNCs) to present buyback option in the year 2000. The open offer was made at Rs. 105, which was at a premium of 46% over the stock market price prevailing at that time. Cadbury India, Otis Elevators, Carrier Aircon etc. soon followed the course.

In less than three months from the upsurge of the pandemic in 2020, about 17 companies announced buyback of shares. Buyback at a 15-72% premium to their existing market price was announced by companies such as Sun Pharmaceuticals Ltd, Supreme Petrochem, Dalmia Bharat Ltd, Emami Ltd and Granules India Ltd. Promoters of around 200 companies from the Nifty 500 index acquired shares from the open market to enhance stakes in their companies.

The buyback activity in India started in 1998, Section 77A brought in by the Companies Amendment Act, 1999, under the Companies Act, 1956, caused structural changes in company law stating that, subject to the restrictions envisaged in the section, a company may buyback its own shares. Buyback is currently covered by section 68 to 70 of the Companies Act, 2013 and Rule 17 of the Companies (Share Capital and Debentures) Rules, 2014.

The net surplus capital/funds left after re-investment and dividend distribution, can be used for share buyback from the existing shareholders, depending heavily on the stage of the company (whether it's a start-up or established player) and the industry in which it operates (whether it's an old economy like steel, energy, consumer durables or new economy like information technology, cloud computing, artificial intelligence, biotech).

### REGULATORY FRAMEWORK

#### Tax

- Amount received on buyback is exempt in the hands of shareholders under section 10(34A) of the Income Tax Act, 1961.
- Company is supposed to pay tax on buyback at 20% plus surcharge at 12% plus applicable 3% cess.
- Tax credit on buyback may not be accessible to non-resident shareholders. However, one needs to examine the tax provisions of the foreign jurisdiction on allowability of the credit.

The provision of Income Tax Act concerning buyback of shares is provided under section 115(QA) of the financial act, 2013 that initially applied to only unlisted companies, which warranted a tax of twenty percent (along with surcharge and cess) on the dispersed income. The rationale for the inception of the provision was that unlisted companies utilized buyback of shares to avoid dividend distribution tax because at that point of time, buyback was charged as capital gains in the hands of the shareholders and dividend distribution tax (DDT) was assigned to the company. That's why an amendment to this was proposed as an anti-tax avoidance measure.

The union budget 2019 made public that the said section would also to be met by listed companies as well. The amendment became applicable for all buybacks post 5th of July, 2019, vide the finance act (no.2) 2019.

The following illustration clarifies the changes effected by the amendment.

A listed company, XYZ limited, repurchased 1000 shares in May 2019 (**before the amendment**) at the current market price of Rs. 700. The exercise price for the same is Rs. 50.

So, at present,

- There is no tax liability for XYZ limited.
- Individual shareholders are supposed to pay capital gains tax (long-term/short-term), on the basis of the holding period of shares, on the difference amount (market price – exercise price) that is Rs. 700 – 50 = Rs. 650.

Later, XYZ limited re-buys 500 shares in August 2019 (**post amendment**), with a market price of Rs. 850 with an exercise price of Rs. 50.

Now,

- The company will be liable to pay buyback tax of 20% (plus surcharge and cess) on the dispersed income that is Rs. 800, the difference between the market price and exercise price Rs. 850 – 50 = Rs. 800.
- The individual shareholder will no longer be liable to pay the taxes.

Also pursuant to amendment vide Budget 2020 with effect from April 1, 2020, domestic companies are no longer required to pay Dividend Distribution Tax and dividend income is instead taxable in the hands of the shareholders at the applicable rate and is subject to income-tax deduction at source (TDS)/ withholding tax. This makes buyback more attractive.

#### Company Law

- If buyback is less than or equal to 10% of the paid-up equity and free reserves; then the company needs to pass Board Resolution.

But, in case buyback is less than or equal to 25% of total paid-up equity and free reserves, then a special resolution in its general meeting becomes mandatory.

Under any situation, maximum permissible buy back has to be 25% of paid-up capital and free reserves **"and"**

- Debt-equity ratio of the company should be less than 2:1.
- ✓ Both the conditions are to be met by the companies.
- ✓ Buyback can be made out of free reserves, securities premium account, proceeds of issue of any shares or other specified securities.
- ✓ Shares to be bought backed are to be fully paid up.
- ✓ Articles of Association should authorize buyback.

- ✓ Before buyback, the company shall file a Letter of Offer (SH-8) with the ROC and after filing but not later than 20 days from its filing, the same shall be dispatched immediately to the shareholders.
- ✓ The offer period shall remain open for a minimum period of 15 days, but not more than 30 days from the dispatch of the letter of offer.
- ✓ The explanatory statement to the notice for special resolution for buyback must contain the following:
  1. the date of the Board meeting at which buyback was approved by the Board of Directors of the company,
  2. the necessity for buyback,
  3. the maximum amount required for buyback and the sources of funds from which the buyback would be financed,
  4. the basis of arriving at the buyback price,
  5. the number of securities that the company proposes to buyback,
  6. the aggregate shareholdings of the promoters and persons who are in control of the company as on the date of the notice convening General Meeting or the Meeting of the Board of Directors.
  7. **aggregate number of shares purchased or sold by persons during a period of six months preceding the date of the Board Meeting at which the buyback was approved till the date of notice convening the general meeting,**
  8. the maximum and minimum price at which purchases and sales referred to above were made along with the relevant dates,
  9. intention of the promoters and persons in control of the company to tender shares for buyback indicating the number of shares, details of acquisition with date and price,
  10. **a confirmation that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institution or banks,**
  11. **a confirmation that the Board of Directors has made a full enquiry into the affairs and prospects of the company and that they have formed the opinion that the buyback will not adversely affect the company's solvency and financial stability and lastly**
  12. a report addressed to the Board of Directors by the company's auditors stating that they have inquired into the company's state of affairs and the amount of the permissible capital payment for the securities in question is in their view properly determined and the Board have formed the opinion referred to above on reasonable grounds and **that the company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.**

#### SEBI

- Stock exchanges are to be given prior intimation about the board meetings to contemplate the proposals for buyback.
- Trading window is to be closed for designated persons and their immediate relatives.
- There may be an obligation to make an open offer if certain limits are breached on buyback.
- In case of listed companies :
  - During the pendency of buy back, promoter group are restricted from dealing in shares on the stock exchange or off-market, including inter-se transfers among promoters.
  - Buyback through open market operations is to be restricted to 15% of paid-up capital and free reserves of the company, based on both standalone and consolidated financial statements of the company.
  - Public Advertisement needs to be made within 2 days of the completion of buyback.
  - Public announcement under buyback cannot be made during the pendency of any scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Companies Act.
  - SEBI regulations on buyback state that specified securities include ESOPs.

#### FEMA

The company needs to follow the pricing guidelines and reporting requirements.

#### General

- Company cannot raise further capital for a period of one year from the expiry of buyback period, except in discharge of its persisting obligations.
- The company has to file a copy of resolution and Declaration of Solvency (Form SH-9) with SEBI (in case the company is listed) and with the Registrar of the Companies (ROC), maintain register of buyback (Form SH-10), transfer to Capital Redemption Reserve an amount equal to the nominal value of shares so bought back, file a return of buyback (Form SH-11) with SEBI and ROC within 30 days of completion of buyback and extinguish and physically destroy the security certificates bought back within 7 days of the last date of completion of buyback.
- Buyback is not to be used for delisting.
- Buyback is not allowed through negotiated deals and private placement.

#### The Buyback Impact

Is buyback counter-intuitive to company's idea of raising capital ? Not really.

The literature cites that the impact of share buyback on a company is in terms of reduction in cash, reduction in



outstanding shares, reduction in book value of equity and improvement in EPS.

On a company repurchasing its equity shares, the selling shareholders get an infusion of funds. The buyback brings down the number of existing shares which makes each share worth a greater percentage of the company, since the future profits would now be administered among fewer equity shares. However, this works only if the profits/earnings, and in turn the share price of the company, keeps rising, but unfortunately no company can 100% vouch for its future profits.

When a company has surplus cash (after repayment of high-cost debt and profitable growth opportunities) and its stock is reasonably priced, a buyback can act as a stimulus for long-term returns of its shareholders. The earnings per share (EPS) of the shares go up, while the price/earnings (P/E) ratio falls or the share price rises. Investors can see that the company has ample cash to tackle emergencies and that there is a low probability of economic troubles if shares are bought back.

#### Forms of Buybacks

SEBI Guidelines, 1998 prescribes three methods of buyback.

- **Tender Offer:** The shareholders are given a tender offer, whereby they have the option to tender some/all of their shares within a specified period at a specified price, which normally is at a premium to the current market price.
- **Open Market Purchase:** The company buybacks its shares directly in the open stock market either through stock exchange at the market price over a period of time or follows the book building process and the company doesn't need to pay a premium under this method, so its cost-effective.
- **From holders of odd lot of shares/securities** that is to say where the lot of securities of a public company, whose shares are listed on a recognized stock exchange, is smaller than such marketable lot, as may be specified by the stock exchange.

#### Valuations for Buyback

##### 1. Listed company

- No particular procedure has been prescribed under the SEBI Regulations for listed companies.
- Nonetheless, the board needs to decide a fixed price in a tender offer or a maximum price in case of open market operations. It is quintessentially at a premium to the existing market prices at the time of the announcement.

##### 2. Unlisted company

- ✓ **Tax Act**
- No particular method has been prescribed.
- Rule 11 UA valuation / Fair Market Valuation principles are to be referred to from a good governance perspective.

- Transfer Pricing –Fair Value considerations are to be taken into account.

##### ✓ **Company Law**

- No modus operandi has been prescribed.
- Generally, it is Fair Market value.
- Buyback price needs to be disclosed. So, ordinarily a valuation report may be obtained.

##### ✓ **FEMA**

- Pricing guidelines to be adhered to.
- For Listed companies - the price worked out is in accordance with the relevant Securities and Exchange Board of India guidelines, typically the Preferential Allotment guidelines.
- For Unlisted Companies - the valuation of equity instruments is done as per any internationally accepted pricing procedure on an arm's length basis and is duly certified by a Chartered Accountant or a Merchant Banker registered with the Securities and Exchange Board of India or a practicing Cost Accountant.

#### Methods of valuations

##### 1. Market approach

- **Market Prices method:** For listed companies - The valuation derived from the quoted market prices of the shares of the company is taken.
- **Comparable Companies Multiples Method (CCM):** It is a method that demands looking at market quoted prices of comparable companies and changing that into the applicable multiples. The applicable multiple after being adjusted for factors like size, growth, profitability, etc. is applied to the relevant financial parameter of the company.
- **Comparable Transactions Multiples Method (CTM):** Here, valuation is done based on price paid in recent transactions, which includes analyzing published data on actual transactions involving either minority or controlling interests in either publicly traded or closely held companies. Similar to comparable companies analysis, the transaction price is changed into a relevant multiple and then, applied to the relevant financial parameter of the company.

##### 2. Asset/Cost approach

- **Net Asset Value:** The asset based valuation approach is based on the underlying net assets and liabilities of the company on a book / replacement / realizable value basis. It is also significant for evaluating surplus / non-operational assets and contingent/off balance sheet liabilities.

##### 3. Income approach

- **Discounted Cash Flow Method (DCF):** This method discounts predicted cash flows to the present using an appropriate discount rate. The discount rate, WACC or Cost of Equity (on the basis of the cash flows being

used), reflect the return expectations from the asset depending on the inherent risks in the cash flows.

#### How does share buyback differ from dividend pay-out ?

A dividend payment is a direct payment of cash to shareholders, whereas a share buyback is another form of shareholder distribution.

For example, a shareholder holds 10 shares in a company. The company has 1000 outstanding shares with the current share price being Rs. 20.00, which means the market value of the company is Rs. 20,000 and the investor owns 1% of the company.

Now say, the company pays a dividend of Rs. 1.00 per share. So, the total dividend that the company pays is Rs. 1000 and the investor receives Rs. 10 as his total dividend payment. After the dividend payment, the value of the company is Rs. 19,000, all other things being equal and the investor's holding is worth Rs. 190.

Comparing this to a buyback, the company uses the same amount of Rs. 1,000 to buy 50 shares at price of Rs. 20 each. And in order to have the same cash receipt as on dividend

Payment, the investor plans to sell 1 share at price of Rs. 10.00.

After the buyback, the company has 950 outstanding shares each worth Rs. 20 and the value of the company is Rs. 19,000, all other things being equal (same as it was in the dividend case).

So, in both the cases (dividend and buyback), the company has spent Rs. 1,000 of cash, the value of the company post the shareholder distribution is Rs. 19,000, the value of the investor's shares is Rs. 190 i.e. 1% of the company and the investor has received Rs. 10 in cash. Only certain matters like the applicable tax rates, affect the amount ultimately received by the shareholders.

#### When to Buyback ?

Smart companies buyback their shares only when the company's shares are having market value below the management's best estimate of its fair/intrinsic value and no better investment opportunities or returns are available in the business for the company.

#### How much to Buyback ?

The number of shares and amount to be spent on buyback depends on the purpose the company has in its mind.

For example, the fair value of the YZ Ltd. company's net assets is Rs. 1,000 crores, with Rs. 50 crores equity shares outstanding, and its fair value/ equity shares is Rs. 25/share. However, the current stock price is Rs. 20/share (20% discount). YZ Ltd. decides to buyback 5 crores equity shares (10% of the existing shares outstanding) and using Rs. 75 crores thereon. Now, with 45 crores shares outstanding, there is a certainty of an increase in the stock price of Rs. 5.56/share  $\{[(Rs. 1,000 \text{ crores} - Rs. 75 \text{ crores}) / (Rs. (50-5) \text{ crores equity shares})] - Rs. 20\}$  or 27.8% of the current stock price (Rs. 5.56/Rs. 20 per share). Thus, irrespective of the movement in the stock price, the fair value/ share rises only slightly from Rs. 25/share to Rs. 25.56/ share by buying back

10% of the shares outstanding at a discount of 20%. So, a company has to plan accordingly.

#### How does Buyback help Existing Shareholders ?

The most important reason behind the shareholders going for buybacks is profits and tax-efficiency. For example, when the buyback issue of TCS opened on December 18, 2020, TCS was trading in between Rs. 2,850 - Rs.2,890. So, the shareholders had a good opportunity to sell their shares to the company at a price higher than the current share market price.

Also, when an individual taxpayer is receiving dividends from a company (other than a listed company), the company is entitled to deduct TDS at 10%, if the dividend is more than Rs. 5,000. The dividend income will be added to the taxable income of the shareholder and taxed as per their tax slab.

So when compared, buyback proves to be more tax-efficient for the companies as well as the shareholders.

#### Why Buyback ?

##### 1. Positive Aspects

- ✓ The company has excess funds but no appropriate projects to invest the funds in. In such situations, it may think of using the surplus funds to buy back its shares from existing shareholders and reduce the cost of equity for the company.
- ✓ Companies prefer share buybacks over dividends since a buyback is adjustable and can be altered (reduced/increased), if a company is suddenly facing adverse business conditions and the alteration will not be reacted to "adversely" by the shareholders. Also a buyback or special dividend is better than increasing the ordinary dividend, since the latter implicitly enhances the expectations of the shareholders to maintain higher dividend in the future.
- ✓ A company can optimize its capital structure via a buyback, especially with debt finance, provided the company has enough profits for the interest expense to shield from taxation and the debt servicing won't necessitate financial distress in the future.
- ✓ Buyback of shares is a defense to a hostile takeover. The buyback would reduce the shares accessible in the open markets, thereby making it tough for a potential acquirer to buy the shares required to takeover the company.
- ✓ Share buybacks, predominantly, help in improving key ratios like return on net worth, return on assets etc., over a period of time.
- ✓ Buyback gives an opportunity to the company to preserve its stock price. For example, when the economic growth of the country slows, it also impacts the financials of the company.

The company, then, reduces or entirely stops paying dividend to its shareholders for preserving cash. As the company pauses dividend payments, investors consider it to be an exit signal. This can cause a severe sell-off in the market, leading to steep fall in its share price.

In such cases, companies announce buyback to ensure that their share prices do not fall as hard as they could.

- ✓ If the company has reasons to believe that its stock price is undervalued, it can decide to buyback. This is commonly done during a bearish market. When the share prices rise in the future, it can then sell the same stocks at higher prices. This can be an effective way for companies to enhance their equity capital and not issue additional shares. But this approach can be risky as stocks' price can remain low for several months and years.

## 2. Negative Aspects

- ✓ A company may over-price its own shares, if the management's estimate of the fair value of the shares is overly optimistic.
- ✓ Buyback of shares counter balances the dilution in EPS, once stock options are granted to the employees/management of the company.
- ✓ When a company offers a large buyback, it may be looked at adversely and it raises a red flag, especially in a high growth industry, as in to what the management thinks about the future prospects of the company.
- ✓ When an immediate increase in the EPS rather than value creation is the sole purpose for a buyback, the selling shareholders gain at the expense of the non-tendering/ continuing shareholders, if the overvalued shares are repurchased.
- ✓ Recently, companies have been using borrowings to fund buybacks, reducing equity and hence, increasing leveraging, thereby increasing the financial risk of the company and its investors in difficult times.
- ✓ When management compensation of companies is correlated to the growth in EPS on account of the dilution in the number of outstanding shares in a buyback, they can make higher compensation under buybacks, although the actual profit is the same. To oppose this downside, the Boards of the companies should delink management compensation to EPS, especially under a buyback.

### The Opportunity provided by the Coronavirus Pandemic

Almost the whole world is under lockdown with businesses and economic activities at its low, and governments are rendering stimulus packages for recovery.

In case the stock market is dropping, companies with strong balance sheets, having huge cash pile and few investment alternatives, should or can use this as an opportunity to buyback its stock at the right (depressed/ low) price.

Just a few days back, Infosys' share buyback program of Rs 9,200 crore began on June 25, 2021, proposing to buyback shares at a maximum price of Rs 1,750 per share. Infosys has a lot of cash in hand, so buyback was an obvious choice. All the more, a buyback made more sense from a tax standpoint than a special dividend.

On the other hand, it was also seen in the month of April, 2021 that Vedanta's buyback offer got a cold shoulder from its shareholders.

### How to study Buybacks?

Consider subscribing for buyback if the offer price is significantly higher than the current market price of the stock.

Also, if the buyback offer is taking place through a tender offer, examine if the company's promoters are also tendering to the buyback. If they are, then this is usually considered as a green signal for the future prospects of the stock price. The shareholders also need to see that subscribing to buyback is more tax-efficient than just holding the shares and earning dividends.

### Conclusion

The difficulty that small investors in India are facing is whether the buyback option, along with the SEBI guidelines, literally protects their interests and gives them an exit option at a fair price or is it a medium that provides them with no options permitting large MNCs to have complete control of their subsidiaries, escape public scrutiny and accountability and save themselves from the Indian regulatory environment via scams and other market manipulations.

Nonetheless, if buyback is wisely and "morally" applied for capital assignments, after assessing various options and aligning it with the short/long-term goals of the company, it can create value not only for the company, but for its shareholder too.

# Procedure

## -Conversion of Public Company into Private Company



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### INTRODUCTION:

Ministry of Corporate Affairs (MCA) on 18th December, 2018 by amendment *inserted Rule 41 under Companies (Incorporation) Rules, 2014* for conversion of Public Companies into Private Companies wherein “**Power of Central Government has been assigned to Regional Director to look into the matter related to approval of conversion of public limited company into private limited company**”. Many times there are circumstances which drive a Company to convert its nature from public to private. These circumstances may be such as favourable exemption provided to a private company or the business need or may be the market situation. So, let us discuss the detailed procedure for conversion of public company into private.

### MANDATORY PROVISIONS UNDER COMPANIES ACT, 2013

1. Section 13: Deals with alteration of Memorandum of Association.
2. Section 14: It provides for alteration of Articles of Association.
3. Section 18: It provides the manner in which an existing Company can convert itself as a company of other class under this Act by alteration of memorandum and articles of the company in accordance with the provision of chapter II of the Act.
4. Rule 41 of Companies (Incorporation) Fourth Amendment Rules, 2018: Rule 41 deals with Application to be filed under Section 14 for conversion of public company into private company.

### MANDATORY REQUIREMENTS

1. Name clause of Memorandum needs to be amended to include the word ‘Private’.
2. The Articles of the Company shall be suitably amended for the insertion of restrictive provisions applicable to a Private Company. It is advisable to adopt a new set of Articles applicable to a Private Company.
3. Company has not defaulted in filing of Annual Returns or Financial Statement or any other document due for filing with the Registrar. [Rule 29(1) of Companies (Incorporation) Rules, 2014].
4. Company has not defaulted in repayment of matured deposits or debentures or interest on deposits or debentures. [Rule 29(1) of Companies (Incorporation) Rules, 2014].

### PROCEDURE FOR CONVERSION OF A PUBLIC COMPANY INTO PRIVATE LIMITED COMPANY:

**Convene a Meeting of Board of Directors [As per Section 173 & Secretarial Standard-1 (SS-1)]**

- a. Issue Notice of Board Meeting to all the Directors of Company at their addresses registered with the Company, at least 7 days before the date of Board Meeting. A shorter notice can be issued in case of urgent business.
- b. Attach Agenda, Notes to Agenda and Draft Resolution with the Notice.
- c. Hold a meeting of Board of Directors of the Company to discuss and approve the agenda of conversion
- d. Pass Board Resolution
  - i. for approving proposal of conversion of Public Company into a Private Company, and to recommend the same for approval of Shareholders in General Meeting of the Company
  - ii. to consider and approve the reduction in the total number of members of the company to a maximum of 200 members
  - iii. to fix the day, date, time and venue of the General Meeting
  - iv. to approve the draft notice for convening the General Meeting along with explanatory statement annexed to the notice as per requirement of the Section 102 of the Companies Act, 2013
  - v. to approve the draft new set of Memorandum and Articles of Association meeting the requirements of a Private Company and to recommend the same for approval of Shareholders
  - vi. to authorize the Director or Company Secretary to sign and issue notice of General Meeting. The notice of general meeting must contain text of Special Resolution for conversion of Company into a Private Company and consequent amendment in Memorandum and Articles of Association of Company
- e. to delegate authority to Company Secretary or any one director of the company to sign, certify and file the required form with Registrar of Companies and to do all such acts and deeds as may be necessary to give effect to the proposed conversion.

Prepare and Circulate Draft Minutes within 15 days from the conclusion of the Board Meeting, by Hand/Speed Post/Registered Post/Courier/E-mail to all the Directors for their comments. [Refer the Procedure for Preparation and Signing of Minutes of Board Meeting]

**Convene General Meeting [Section 96, 100 and Secretarial Standard-2 (SS-2)]**

- Notice of General Meeting shall be given at least clear 21 days before the actual date of a General Meeting in writing, by hand or by ordinary post or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means or a Shorter Notice can be issued with the consent of at least majority in number and ninety five percent of such part of the paid up share capital of the company giving a right to vote at such a meeting in accordance with Section 101.
- Notice will be sent to all the Directors, Members, Auditors of Company, Secretarial Auditor, Debenture Trustees and to others who are entitled to receive the notice of the General Meeting.
- Notice shall specify the day, date, time and full address of the venue of the Meeting and contain a statement on the business to be transacted at the Meeting.
- Hold the General Meeting on fixed day and pass a Special Resolution for conversion of Public Company into Private Company and altering the Memorandum of Association and Articles of Association including insertion of restrictive provisions as applicable to Private Company. Also check the Quorum and check whether auditor is present, if not Then Leave of absence is Granted or Not Prepare the minutes of General Meeting, get them signed and compile accordingly.

**Filing of Form MGT-14 with ROC [Section 117]**

Company shall file Form MGT-14 with ROC within 30 days of passing such resolution along with given documents as an attachment

- certified true copies of the special resolutions along with explanatory statement
- copy of the notice of meeting sent to members along with all the annexure
- a printed copy of the Memorandum of Association and Article of Association

- copy of Attendance Sheet of General Meeting
- shorter notice consent, if any.

**Publication of an Advertisement [Rule 41(5) of the Companies (Incorporation) Rules, 2014]**

The company shall, at least twenty-one days before the date of filing of the application

- advertise in the Form INC-25A, in a vernacular newspaper in the principal vernacular language in the district and in English language in an English newspaper, widely circulated in the State in which the Registered Office of the Company is situated
- serve, by registered post with acknowledgement due, individual notice on each debenture holder and creditor of the company
- serve, by registered post with acknowledgement due, a notice to the Regional Director and Registrar and to the regulatory body, if the company is regulated under any law for the time being in force.

**Draft and File an Application for Conversion of Public Company into Private Company [Rule 41(1) and 41(3) of the Companies (Incorporation) Rules, 2014]**

An application for the conversion of Public Company into Private Company shall be drafted and to be filed to Regional Director within sixty days from the date of passing of Special Resolution in e-Form RD-I along with the fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 and with following Documents

- i. a draft copy of Memorandum of Association and Articles of Association, with proposed alterations including the alterations pursuant to Section 2(68) of the Companies Act, 2013
- ii. a copy of the minutes of the General Meeting at which the Special Resolution authorizing such alteration was passed together with details of votes cast in favour and or against with names of dissenters
- iii. a copy of Board resolution or Power of Attorney dated not earlier than thirty days, as the case may be, authorizing to file application for such conversion
- iv. declaration by a Key Managerial Personnel that pursuant to the provisions of Section 2(68), the Company limits the number of its members to two hundred and also stating that no deposit has been accepted by the Company in violation of the Act and rules made thereunder

- v. declaration by a Key Managerial Personnel that there has been no non-compliance of sections 73 to 76A, 177, 178, 185, 186 and 188 of the Act and rules made thereunder
- vi. declaration by a Key Managerial Personnel that no resolution is pending to be filed in terms of sub-section (3) of section 179 and also stating that the Company was never listed in any of the Regional Stock Exchanges and if was so listed, all necessary procedures were complied with in full for complete delisting of the shares in accordance with the applicable rules and regulations laid down by Securities Exchange Board of India. But in case of such Companies where no Key Managerial Personnel is required to be appointed, the aforesaid declarations shall be filed any of the director
  - vii. a list of Creditors, Debenture Holders, of a date not more than 30 Days before the filing of Application with Regional Director, setting forth the following details
    - a. Name and Address of every creditor and debenture holder
    - b. Nature and amounts due to them in respect of debts, claims or liabilities
    - c. in respect of any contingent or unascertained debt, the value, so far as can be justly estimated of such debt. The company shall file an affidavit, signed by the Company Secretary of the company, if any, and not less than two directors of the company, one of whom shall be managing director, where there is one, to the effect that they have made a full enquiry into affairs of the company and, having done so, have formed an opinion that the list of creditors and debenture holders is correct, and that the estimated value as given in the list of the debts or claims payable on contingency or not ascertained are proper estimates of the values of such debts and claims that there are no other debts, or claims against, the company to their knowledge.
  - viii. **Approval of Application, in case of No Objections [Rule 41(6)(a) of the Companies (Incorporation) Rules, 2014]**  
Where no objection has been received from any person in response to the advertisement or notice referred above and the application is complete in all respects, the same may be put up for orders without hearing and the concerned Regional Director shall pass an order approving the application within thirty days from the date of receipt of the application.
- ix. **Submission of Further Information as demanded by Regional Director [Rule 41(6) of the Companies (Incorporation) Rules, 2014]**
  - a. Where the Regional Director on examining the application finds it necessary to call for further information or finds such application to be defective or incomplete in any respect, he shall within thirty days from the date of receipt of the application, give intimation of such information called for or defects or incompleteness, directing the person or the company to furnish such information, to rectify defects or incompleteness and to re-submit such application within a period of **Fifteen Days** in e-Form RD-GNL-5. Maximum of two re-submissions shall be allowed.
  - b. In cases where such further information called for has not been provided or the defects or incompleteness has not been rectified to the satisfaction of the Regional Director within the period allowed i.e. Fifteen Days, the Regional Director shall reject the application with reasons within thirty days from the date of filing application or within thirty days from the date of last re-submission made, as the case may be.
- x. **Submission of Copy of Objection with Regional Director [Rule 41(7) of the Companies (Incorporation) Rules, 2014]**
  - a. Where an objection has been received or Regional Director on examining the application has specific objection under the provisions of the Act, the same shall be recorded in writing and the Regional Director shall hold a hearing or hearings within a period of thirty days as required and direct the company to file an affidavit to record the consensus reached at the hearing, upon executing which, the Regional Director shall pass an order either approving or rejecting the application along with the reasons within thirty days from the date of hearing.
  - b. In case where no consensus is received as referred above, the Regional Director may approve the conversion, if he is satisfied having regard to all the circumstances of the case, that the conversion would not be against the interests of the company or is not being made with a view to contravene or to

avoid complying with the provisions of the Act, with reasons to be recorded in writing.

**Approval of Application of Conversion [Rule 41(9) of the Companies (Incorporation) Rules, 2014]**

On completion of such inquiry inspection or investigation as a consequence of which no prosecution is envisaged or no prosecution is pending, conversion shall be allowed.

**File Form INC 27 with ROC [Section 14(2) read with Rule 33(2) of the Companies (Incorporation) Rules, 2014]**

Company shall file the copy of order of the Central Government approving the alteration of article along with the printed copy of altered articles with the Registrar in Form INC -27 with fee together within fifteen days from the date of receipt of the order.

**File Form INC-28 with ROC [Rule 41(9) of the Companies (Incorporation) Rules, 2014]**

Company shall file the order conveyed by the Regional Director with the Registrar in Form INC-28 within fifteen days from the date of receipt of approval along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014.

**ACTIONS TO BE TAKEN AFTER CONVERSION OF PUBLIC COMPANY INTO PRIVATE COMPANY:**

- Every Alteration made in the Memorandum and Articles of Association of the company shall be noted in every copy of the Memorandum or Articles as the case may be. [Section 15(1)]
- Arrange printing of fresh copies of Altered Memorandum and Articles of Association with new Certificate of Incorporation.
- Arrange new rubber stamps with the new name, and all the stationary in the new name of Company.
- Change the specimen of Blank Share Certificates with the new name, if already printed.
- Have painted the new name of the Company on outside every office, building etc. along with former name so changed. [Section 12(3)(a) and First proviso to Section 12(3)]
- Arrange a new common seal engraved with new name and adopt it at the meeting of Board of Directors (Common Seal is optional now). [Section 12(3)(b)]

- Get the new name printed on its entire business letters, letter heads, Billheads, Invoice Forms, Receipt Forms and all other official publications along with former name so changed. [Section 12(3)(c) and First proviso to Section 12(3)]
- Have its new name printed on hundies, promissory notes, bills of exchange etc. [Section 12(3)(d)]
- Inform about the conversion of the Company to all concerned persons/ govt. authorities like Central Excise Authorities, Customs Authorities, Sales Tax Authorities, Service tax Department, Chief Inspector of Factories, and Regional Provident Fund Commissioner etc.
- Intimate all the Banks where Company is operating Bank Accounts about its conversion and file necessary applications and documents, as required by Bank, with regard to change in the name and status of Account holder.
- Make application to Income Tax Department for Arranging New Permanent Account Number (PAN) and Tax Deduction and Collection Account Number (TAN).
- Update the new name of the Company with the Basic Utility Service providers like Electricity providers, Telephone Internet connections in the name of the Company etc.
- Inform all other Companies where Company has made Investments, taken loans, taken Insurance Policies, entered agreements of any kind and to all stakeholders.

**CONCLUSION:**

However, after conversion into a Private Company, the Private Company shall have benefits with respect to minimum compliances. Public Company has to adhere and strictly abide by the various compliances. After the Conversion of Public companies into Private companies, there are fewer compliances. However, some precautions need to be taken during the conversion procedure. Some Companies decision regarding conversion into the private company is controversial so that though the statute permitted for the conversion of Public Company into Private Company all precautions need to be taken. Also, the information submitted before the Regional Director has to be correct. If there is a consensus between all stakeholders for conversion then the process for the conversion would go easy and smooth.

# Ethics & its Importance in Profession



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*“Great people have great values and great ethics.”*

- Jeffrey Gitomer

Professional Misconduct has been provided in the Company Secretaries Act, 1980 and also the Chartered Accountants Act 1949 and the respective members are bound not to do all such acts as have been prohibited in the Acts to avoid any disciplinary proceeding.

*“Professionalism is about having integrity, honesty, and sincere regard for the personhood of the customer, in the context of always doing what is best for the business. Those two things do not need to be in conflict.”* — Eric Lippert

Most of us would agree that it is ethics in practice that makes sense; just having it carefully drafted and redrafted in books may not serve the purpose it is for. Of course all of us want that any profession should be equally beneficial to society and its stakeholders. Every professional ethic in the world requires a high toned morality and integrity. It considers the rightness and wrongness of man's conduct. It is a source of justifiable pride of a professional to consider the great role performed by him/her to contribute in the development of nation. For that to happen the Institution need to abide by ethics and rule of law, engage themselves in fair practices and competition; all of which would benefit the clients, service provider and the society in whole.

*“Ethics are more important than laws.”* - Wynton Marsalis

Unlike the other professionals Chartered Accountants contribute to the core of growing businesses be it small or big. It has been one of the most sought after professions in India. Much of the reputation of CAs are due to the rigorous training (both theoretical and practical) makes them practically jack of all trades as the domain of finance is concerned. In spite of the sea change in global trade systems and practices, the requirement of CAs has been remained steady. Because of which the ethical behavior and its responsibilities are becoming more intact to this profession. ICAI has issued the revised 12<sup>th</sup> edition of a 3 volume Code of Ethics which has come into effect from 1<sup>st</sup> July, 2020. The ethics in contemporary terms is not a domain that has to be separate from the practical world. It should become a habit that should be inculcated in the behavior of professionals to manage their temperaments and should be strong enough to withstand any selfish motives. **The ethics for the Chartered Accountants have, therefore been codified as ethical compliance has always been the philosophy of profession.** The members of the institute, whether in practice or in service, are required to comply with the Code of Ethics. **With the**

**ever dynamic business environment and increasing complexities and compliances, the ethical dilemma faced by an accountant is different from that faced by him a decade ago. Accordingly, it became imperative to revise the ethical framework for chartered accountants to keep pace with the changing dynamics of the profession.**

Today, the members of the institute are not restricted by geographical & demographical limitations. They have professional assignments within the country as well as international assignments; even in the domestic domain they have international clients and international perspectives. There is no denying of the fact that the members have to keep abreast of what are the latest professional developments within the domestic periphery as well as the whole global economic scenario which becomes a hard nut to crack. **International Ethics of Standard Body of Accountants (IESBA) which has been known for the setting professional ethics by facilitating the convergence of national and international practices, thereby enhancing the quality and uniformity of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.**

*“Winning is nice if you don't lose your integrity in the process.”* - Arnold Horshack

While the revised Code retains the fundamental ethical principles from the earlier code, it covers refreshed approach and contains certain new substantially revised requirements. The part shown in requirements establish general and specific obligations to be complied with by the members, while the application material provides the context, explanations, suggestions or actions, illustrations and other guidance to assist in complying with the other requirements.

*“Ethics is knowing the difference between what you have a right to do and what is right to do.”* - Potter Stewart

**Some of the new requirements & their importance include:**

Enhanced description of inducements with a view to respond to continuing concerns about bribery and corruption to reduce the increasing number of fraudulent activities by the CAs encountered by the institute in recent years.

A more robust framework for addressing a breach of the requirements of the code. This would facilitate the institute to track the irregularities made by the professionals while discharging their duties and



increase the communicative value of the Auditor's opinion.

- Provisions related to threats that are caused by certain tax services. This has been seriously taken into consideration by the institute because many different circumstances, or combination of circumstances, may be relevant and accordingly it is impossible to define every situation that creates threats to independence and specify appropriate mitigating action that should be taken.
- Detailed independence requirements included for assurance engagements. In addition, the nature of assurance engagements may differ and consequently different threats may exist requiring the application of different safeguards.
- Auditor rotation requirements included under various local regulations. This would reduce the possibilities of colluded frauds.
- Requirements and applicable guidance addressing situations where, as a result of a merger or acquisitions, an entity becomes a related entity of an audit client and could benefit from a financial interest in an audit client, to assist the Chartered Accountants in reviewing the previous or current interest and relationships.
- Stronger independence provisions concerning long association of personnel including partner rotation with audit clients. The Chartered Accountants has a responsibility to remain independent by taking into account the context in which they practice.

In particular during the course of professional discharge of duties the auditor may come across the non-compliance of laws and regulations committed or about to be committed by client or the employer or those charged with governance or management. Recognizing that such a situation may be difficult for an accountant, it prima facie becomes the responsibility of the auditor to fulfill the ethical requirements.

*"Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful."* - Samuel Johnson

Ethics is a state of mind, and there may be some act which, though it may not strictly fall under one of the items mentioned above because it strictly depends upon individuals. In the larger interest of Institute, the council exhorts all members to search their hearts and conscience whenever in doubt, and thereby assist in the maintenance of high principles of professional conduct. It will ensure the progress of our institute to emerge as a global Financial and Assurance leader.

In the end I would like to conclude that, "The ethical aspects of doing business are becoming just as important as the financial ones, and a well-thought-out code of ethics is emerging as a necessary prerequisite for success."

# Conversion of Public Company into Private Company



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MCA has increased compliance requirements through various notifications which sometimes became a hurdle to do business in a smooth manner for public companies. On the other hand, there are various exemptions available to private companies under the Companies Act, 2013.

Being a public limited company, it is required and mandated to follow various statutory guidelines as provided under the provisions of the Companies Act, 2013.

Apart from this, there are various types of compliances to be done under the provisions of the Companies Act, 2013 (Act) and SEBI Act. A private limited company has fewer compliances compared to a public limited company.

Considering the exemptions available to private companies, many public companies are converting into private companies to reduce the compliance requirements. The main and foremost reason for conversion from a public limited company to a private limited company is to avail the relaxation or exemptions provided to private companies by MCA vide notification dated 05<sup>th</sup> June 2015 and 13<sup>th</sup> June 2017.

Public Company is defined in section 2(71) of the Companies Act, 2013, "is a company whose ownership is organised via shares of stock which are intended to be freely traded on a stock exchange or in over-the-counter markets.

Private company is defined in section 2(68) of the Companies Act, 2013, "is a business company owned either by non-governmental organizations or by a relatively small number of shareholders or company members restricted to 200 which does not offer or trade its company stock to the general public.

## Legal Provisions

The legal provisions related to conversion are given in section 14 of the Companies Act, 2013 read with rule 41 of the Companies (Incorporation) Rules, 2014 as amended.

As per section 14 of the Companies Act, 2013, a public company may convert itself into a private company by taking approval of members by way of passing a special resolution in the general meeting and to approve amendment in MOA and Articles of Association and by taking the approval of the central

Government or an application made in such form and manner as may be prescribed.

MCA by its notification dated 18<sup>th</sup> Dec, 2018 has amended the Companies (Incorporation) Rules, 2014 by making Companies (Incorporation) Fourth Amendment Rules, 2018. Rule 41 has been inserted in the said rules which provides for the Regulations for making application for conversion of public limited company into private limited company. Earlier, the application for conversion was made with NCLT Branches having jurisdiction over companies and the same is a very time-consuming process. Thereby, to free the tribunals with the cases of conversion, power of approval of conversion has been transferred to the central Government. Thereafter, the central government has delegated its powers to the Regional Director vide notification dated 18<sup>th</sup> December, 2018 for approval of conversion of public limited company into private limited company.

Now, the application is to be made to the Regional Director within sixty days from the passing of a special resolution in e-form RD-1.

The order conveyed by the Regional Director shall be filed by the company with the registrar in form no. INC-28 within 15 days from the date of receipt of approval along with fees as provided in the Companies (Registration Offices and Fees) Rules, 2014.

Compliances to be made after conversion of a public company into a private company.

1. Print the revised copies of MOA and AOA with a fresh name and fresh certificate of incorporation.
2. Make all requisite changes in the signboards, letterheads, books, Rubber stamps, Bill books, common seal, visiting cards etc.
3. Make the necessary changes in PAN, TAN, GST Portal, Bank A/Cs etc.
4. Use the former name of the company with a present name up to two years on every document of the company.

# CHAPTER ACHIEVEMENTS

## ARTICLES PUBLISHED IN NEWSLETTER OF NIRC

### CS Jaspreet Kaur Dhanjal

1. Intellectual Property Rights (January 2021)
2. Women in Leadership: Achieving and Equal Future in a Covid-19 world (March, 2021)

### CS Jaspal Singh Dhanjal

1. Governance Professionals-Leading The Way (April 2021)
2. Corporate Social Responsibility (May 2021)
3. Digital Economy (June 2021)

### CS Yogita

1. An Indian Era-Digital Economy, (June 2021)

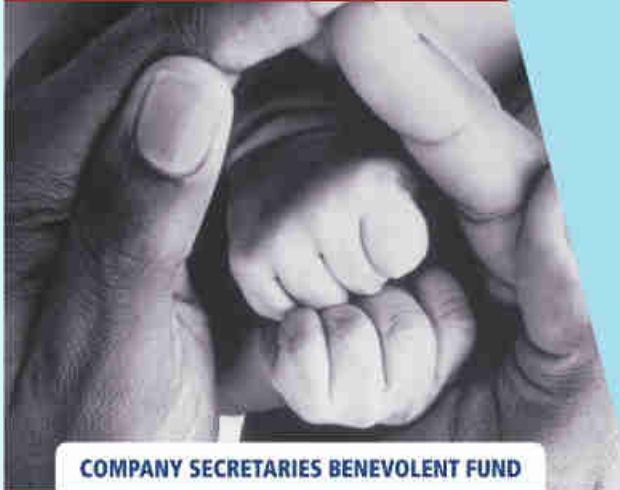


# THE INSTITUTE OF Company Secretaries of India

## भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)

Safeguarding and  
caring for your well being



COMPANY SECRETARIES BENEVOLENT FUND

## Saathi Haath Badhana साथी हाथ बढ़ाना

# CSBF

## COMPANY SECRETARIES BENEVOLENT FUND

### What exactly is CSBF?

The Company Secretaries Benevolent Fund (CSBF) is a Society registered under the Societies Registration Act, 1860 and is recognized under Section 12A of the Income Tax Act, 1961.

The CSBF was established in the year 1976 by the ICSI, for creating a security umbrella for the Company Secretaries and/or their dependent family members in distress.

*The amount of ₹7,50,000 (in the case of death of a member under the age of 60 years) has been increased to ₹10,00,000*

*The subscription amount is being increased from ₹10,000 to ₹12,500 soon*

*The amount of ₹40,000 per child (provided in case of death of member under the age of 60 years) for education of minor child (upto two children) has been increased to ₹50,000*

*The amount of ₹60,000 (provided for reimbursement of medical expenses) has been increased to ₹75,000.*

### Is it the right time to enrol in CSBF ?

CSBF is the protection you and your family need to survive the many ups and downs in life, be it a serious illness or a road accident which derails your plans for the future.

### Is it a requirement ?

Yes, as your dependents need the protection. Your dependents be it your parents, your spouse, or your children will have to bear the brunt of paying off your home/education personal loans and even for managing day-to-day expenses without your contribution. If you do not want to leave behind such a situation in your absence, enrol in CSBF today.

### Advantages of enrolling into CSBF

**1** To ensure that your immediate family has some financial support in the event of your unfortunate demise

**2** To finance your children's education and other needs

**3** To ensure that you have extra resource during serious illness or accident

**4** Subscription/Contribution to CSBF qualifies for deduction under Section 80G of the Income Tax Act, 1961

Become a proud Member of CSBF by making a one-time online subscription of ₹10,000/- (to be changed soon) through Institute's web portal ([www.icsi.edu](http://www.icsi.edu)) along with Form 'A' available at link <https://www.icsi.edu/csbf/home> duly filled and signed.

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# WRITE WITH US



## CALL for Articles for Publication in E-Newsletter (Quarter July, 2021- September, 2021)

ICSI Patiala Chapter invites Articles for its next publication for the Quarter ending September, 2021 . The last date for submission of your writings will be 15<sup>th</sup> September, 2021. We are looking forward to your resourcefulness and it will be immense pleasure to embellish your kind words into the E-Newsletter of the Chapter.

THANK YOU