



# Mysuru Chapter e-Magazine

May 2021  
205<sup>th</sup> Edition



### Vision

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

### Motto

सत्यं वद। धर्मं चर। इच्छते तेन लोके, शोभते तेन लोके।

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***Knowledge Series by CS Dr CHANDRATRE on the topic of "Managerial Remuneration".  
Topics Covered in this edition: Introduction, Definition, Overall limit and Sublimit.***

# From the Desk of Chairman



**CS Vijaya Rao**  
*Chairperson*  
*Mysuru Chapter*

**Dear Professional colleagues,**

Hope all of you are safe and healthy!

In this difficult time of Pandemic, following COVID norms, having patience and staying inside is very important. I remember a story which we used to read as young kids to learn the importance of patience. Let me just narrate that briefly which I feel is very apt for the difficult time we are facing.

“Once upon a time, there was a very beautiful island surrounded by flowers gardens, streams, and ponds. It was perceived as the heaven on earth. All birds and animals lived together happily for many years. As the times passed, things changed. No rain, greenery was not there, ponds were empty, there was nothing to eat. Animals and birds decided to migrate to a new place for livelihood. In the same place, there were a couple of geese, and a tortoise lived on the pond. They were best friends. The geese decided to migrate from there. The tortoise also wanted to move with them, but she was unable to fly. So, she pleaded to geese to rescue her from the problem.

As they did not want to leave the friend back, they came with a magnificent idea. They brought a long stick with their beaks and asked the tortoise to hold the stick with her mouth tightly. They cautioned her not to open her mouth at any situation till they landed. They flew together and when they reached a new city, people were amazed to see the scene on the sky and started screaming and calling other people. The tortoise and geese heard the loud noise. As tortoise was frightened by the noise and the crowd she started screaming. As soon as she opened her mouth, she had fallen to the ground. Only if the tortoise had the patience to hold on for a little longer... This is a great lesson for us. Only if we can strictly follow the norms and listen to our front warriors’ advice, within no time, we will pass this stage.

Any difficult situation we should convert that into an opportunity and make use of it. So let us all meet through virtual platform and have great learning sessions with eminent personalities from different parts of India/world which would have been difficult if we had to do it physically as it involves time constraints, travel and would have been a costly affair. Also, we can have the virtual study circle discussions. With this in mind, we are organizing different webinars with learned speakers. Please participate, let us share the knowledge at convenience of our home.

Also, not to forget, this is an opportunity to spend quality time with the family.

Let us have patience, stay calm, stay inside, stay safe. We will come out of this and we will start seeing the sunshine!!

Thanking you,



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Company Secretaries of India**

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## CORPORATE SATVA

Unlike normal Sundays, Chapter of ICSI was engrossed with Students organizing and participating in the much-awaited students' event - Corporate Satva 2021. It was 11th April 2021 and students gathered with lot of enthusiasm and a bit of confusion in their minds as to what would be in the event for them.

Corporate Satva - The words were coined to mean the essence of the Corporate World. The target of the event being to provide first-hand experience for the students of the corporate world / corporate events. The events for the day were designed on the same basis. It was a day-long event completely organized by the students and for the students. The event comprised of:

1. Mock Board Meeting
2. Mock Annual General Meeting
3. Impromptu Moot Court
4. Demo Toastmaster Meeting

The entire day's event was organized systematically by students.

The Organizing team of students included Mr. Santhosh Kumar G B, leading the Mock B M Team, Ms. Mathruka B M, leading the AGM team, Ms. Aparna U and Mr. Komal Kumar M leading the Moot Court team. Other organizers in the team were Mr. Prajwal R, Mr. Ajith Prakash, Mr. Hitesh M Prabhu, Ms. Shruthi Bhonsle, Ms. Rachana K P, Mr. Gagandeep, Mr. Bharath Kumar, Ms. Monisha C S and Ms. Nisha. The students were mentored by CS Phani Datta, CS Keerthana and CS Vijaya Rao.



## ONLINE STUDENTS STUDY CIRCLE MEETING

On 24.04.2021 an online student's study circle meeting has been organized by the Chapter on the topic "Capital Gains". CS Subodh M R. was the moderator for the meeting. CS Vijaya Rao, Chairperson welcomed the students & introduced the speaker. Around 25 students from Executive & Professional level participated in the meeting.



## Over a Cup of Coffee With...



**CS Dr K.S.Ravichandran**  
Managing Partner  
KSR&Co Company Secretaries LLP



Concept & Compilation:

**CS Pracheta M**

Practicing Company Secretary

**CS Dr Shobha Sridhar**

Practicing Company Secretary

**Brief profile of CS Dr. K.S.Ravichandran:** Dr. K.S. Ravichandran, M.Com., FCS., LLB., Ph.D is a core practitioner in corporate laws and has more than twenty-five years of practical experience; sought after counsel for representation before NCLT, NCLAT, Trademark Tribunals, Intellectual Property Appellate Board, Debts Recovery Appellate Tribunal etc.; Author of several books of professional interest; Member of International Association for Protection of Intellectual Property Rights; Past member of Expert Sub-group constituted by the Ministry of Corporate Affairs for studying the suggestions relating to chapters of the Companies Act, 2013; Chairman of Insolvency and Bankruptcy Code Committee of ASSOCHAM's State Development Council.

**CS Shobha:** Sir, Thanks a lot for accepting our invitation. It is an honour to have you with us.

**CS Ravichandran:** Thank you. I have read the e-magazine of Mysuru Chapter; good journal; good articles. Keep it up and keep up the good work.

**CS Shobha:** Thank you Sir. We will start. Sir, you have served in the India Airforce and then you moved to become a CS. What was the motivation behind this decision? Can you briefly share your journey.

**CS Ravichandran:** I will tell you; this is very interesting, and this part of my story is known only to few close friends. In my PUC, I topped the college with centum in Mathematics. This was during 1978-79 and I was passionate about the Engineering and there were only few colleges. Even with such huge marks, I could not get a seat in Engineering college in Tamil Nadu.

So, on my father's advice, I joined B.Com as Correspondence course. I come from a family with poor financial background and hence was looking out for job. During this time, there was an opening in air force which also opened up an avenue to pursue my ambition of Engineering. I was trained for Electronics stream. Meanwhile, I picked up interest in commerce and enrolled for Masters in Commerce. So, there was continuation of two journeys; one hand I was getting practical exposure in electronics along with few diploma and on other hand, the journey in Commerce.

I was posted in Baroda and I did my Law in Gujarat. Later, I was working for Russian Radar system at Delhi and within two years of posting, I was posted to Kashmir. When the posting order was given, I was shocked and I wanted to somehow avoid this posting. So, I went to the ICSI for the first time in my life and I enrolled on the same day. I informed my commanding officer to cancel the order since I have enrolled for a course which requires my presence in Delhi for writing my exam. My request was rejected and I had to go to Kashmir.

I was at Kashmir, probably, -30 degrees, some unknown location and difficult circumstances. I was there managing the Radar system single handedly and simultaneously studied for ACS exams. A helicopter would drop the books and probably I was the only student from Kashmir. Fortunately, I cleared the course within 2 years. After I came back, I was selected as Fighter controller but due to some minor eye defect, I could not become Fighter controller. I was shifted from Centre to State cadre and was posted to Arunachal Pradesh as Officer in the Education Department. I served there for about 6 months and in 1993, I took up practice and there has been no looking back since then.

**CS Pracheta:** *It's an extraordinary journey and very rare also.*

**CS Shobha:** *It's our gain that you could not get into Engineering and we got a very good professional.*

**CS Pracheta:** *My next question is you have appeared before almost all Tribunals, NCLT, NCLAT, DRT, Intellectual Appellate Tribunal etc. How did this journey start?*

**CS Ravichandran:** Yes yes, I have appeared before everything. In the initial years of my practice, there was a transmission case where 100 shares got 1900 shares as bonus. The Company could not honour the transmission due to technical reasons and the person filed a case before Consumer forum. I fought this case and won. But unfortunately, while returning I met with a serious accident. That was the time, I was travelling in buses only since the income was less. I was bleeding profusely, but I guess the army training helped me to move to nearby road and seek help.

Every time there have been something which has tried to pull me back but I have been fighting. The first case I argued in the Company Law Board, the opposite side was Mr. Aravind Datar. Today, I feel great but those days, I never thought about who is opposite me. I have my case and I will argue was the attitude.

This is how my journey has been. I have won several cases and many of my cases have been reported in several reputed Company law books. I have appeared before IPAB, DRAT, Competition commission, several arbitrators. Generally, in this part, any Joint venture, IPO, merger, de-merger take over etc, we are party on either side.

**CS Pracheta:** *How all this was possible Sir? Is it that you had the knowledge and you went to it or when the case came, you took it up and worked towards it? What is your advice?*

**CS Ravichandran:** One must have the ability to work hard; this is one thing. Next is, one should have the extra-ordinary courage in what we read and interpret. The problem I find today in many people is that they want an endorsement; they form an opinion but are not sure that whether that opinion is correct or not. That is where the problem lies. If this can be overcome, there will be no issue. For example if you take the recent regulation of Pre-packaged insolvency resolution process, I am already handling 2 MSME pre-packed resolution processes. The moment it came, I held a webinar on same day. So, one should be ready, be available, understand the provisions and grasp it at the earliest; the grasping will

improve only on practice. Practice makes person not only perfect but also fast. That way it is easy. It's all about the confidence and courage; the courage is instilled in me due to my stint with the Indian army. I have handled extraordinary things during my tenure in the army. I would also like to add that one should do dedicated service to the client to the fullest; there should be no deviation of thoughts. Focus is very important; distractions (which are more nowadays) should be avoided. Some amount of determination and dedication and sacrifice is important.

*CS Shobha: Thanks Sir for emphasizing that we should do things with fullest involvement. I think this is visible in the books you have authored Sir. We are impressed by your analytical skills. Can this skill be developed or is it inborn?*

**CS Ravichandran:** This is not inborn and can be definitely developed. It is very common thing. That is where I have mentioned that if you spend a minute in reading something, you have to be loyal to that minute. There cannot be a distraction in the focus. When you read there must be synchronization of mind to what is read; what the eyes see, what the mind registers and what it understands. Then there must be an internal confrontation as to why this cannot be the other way? This is self training and everybody can do this over a period of time and gradually the speed will also increase.

So, when I was preparing for IAS, I used to read every word, every column of Indian express. I could not pursue the IAS because of two Prime Ministers, Mr. V. P. Singh and Mr. Rajiv Gandhi (laughs) When I was 26 and was preparing for IAS, the maximum age of passing IAS was reduced from 28 to 26 and when I was 28, it was again increased to 28! So, I could not pursue my IAS dreams as well.

*CS Pracheta: You were passionate about Engineering, now IAS and you could not pursue both. Both these missed opportunities did never deter you to pursue your present profession with the same passion?*

**CS Ravichandran:** I always tell that if there is anything which is irretrievable and nothing can be done about it, what is the use of brooding over it? Just move on! Nothing should deter you. We may lose a case; lose someone in life, lose opportunities etc, it is important to ensure that we don't get obsessed over it and lose the time in front of us. Don't worry about irretrievable things.

*CS Pracheta: Very inspiring Sir and this brings me to next question. Can you share with us any one challenging situation in the profession which you could handle successfully out of so many success stories of yours. Can you also share what is that one value which helped to overcome the challenge.*

**CS Ravichandran:** (Laughs) Thoda sa teda dimag hona chahiye! I will give you something from my earlier days of profession. There was a case where a partnership which was supposed to be a Company. The partners have approached a Chartered Accountant and they found that the same name as that of the firm is not available. Someone has advised them to dissolve the firm and apply for a new name. The partners also filed for dissolution with the Registrar of firms. They wanted the firm to be converted into Company but now they applied for dissolution and applied for a new name by paying around Rs. 1.65 lakhs. They approached me in this situation. Then I checked the Partnership Act, 1932, where I remembered that there is a provision for the Registrar to rectify the mistakenly entered data. I used that provision and dictated an affidavit. I told them to give the affidavit to the Registrar and let him write whatever he wants; it was pure wild courage and my memory of the provision. As expected, the Registrar of firms rejected the Affidavit. Then I filed a Writ petition at the High Court; got the direction to Registrar for rectifying the entry; brought back the dissolved firm



into the Register again; filed for same name by arguing with the RoC and filed another Writ Petition for refund of the original fees.

Determination and courage is important to overcome the challenges. Also, application of what is studied is important. In another case, only 5 out of 7 partners consented for conversion to company and I convinced the Registrar that there is a provision that if majority agree then he can allow the conversion and in that case, they were not aware the Registration Certificate to be issued and I drafted the format and it was accepted and the same was issued. So, the journey is full of challenges.

**CS Shobha:** *Wonderful stories you have Sir. This will be guiding factor for many of the younger professionals, who try to succumb at one adversity or challenge. Next question is your views on the growth of the profession in the three decades of your practice:*

**CS Ravichandran:** The journey is quite satisfactory. The statutory provisions give us the launching pad only. The growth is to be determined by us. When I started the practice, there was no recognition. Most of the Company Secretaries, were only restricting themselves to the Charge registration. At that point of time, I could make some changes in this part of the country, to many areas which remained untouched by many professionals like Chartered Accountants or lawyers. This has increased our visibility. We must capture one area of opportunity and create more opportunities. There is no dearth of opportunities for really qualified, skilled, interested and passionate people. Whether it is normal compliance; writing Board report, Notices and minutes writing; Secretarial audit; Representation, whatever it is, one should strive to make some difference. In the past 27 years, I have witnessed huge growth in the profession. I have handled several cases of mergers, amalgamations, restructuring etc in various parts of the country sitting at Coimbatore. So, we don't have to be present everywhere physically. It is possible to grow in the profession even from remotest cities of the country.

**CS Pracheta:** *Thank you Sir for giving the confidence. I always had the excuse that sitting at Mysuru, I will not be able to grow in the profession. You have changed my viewpoint. Sir, for the younger professionals who have just started the journey, can you give some quick points.*

**CS Ravichandran:** Everyone studies several subjects in the course. I was part of the Syllabus Committee and introduced the concept of Electives. A person should select couple of areas/subjects and should be completely become aware about that subject. Once you reach a level of confidence, you should try to expand it. For example, I have not restricted my knowledge of Corporate law in India alone. Even for my Doctorate, I chose a topic titled Company Law in India and UK and Criminal justice system in India and UK. If you are able to move from your jurisdiction to another jurisdiction, it will help in growth of your wisdom. So, one should draw a smaller circle, be thorough in the subject then expand to the bigger circles and the radius can keep on increasing and there is no end to it. That is the only way in which one can succeed.

**CS Shobha:** *You are a busy professional, an author, a speaker etc. How do you manage time for various activities of yours? How do you divide your time?*

**CS Ravichandran:** You can find time for everything. It is about how you are practicing. If you were taking one or two days to write something, by practice, you will be able to reduce the time to one day, half day etc. This is the secret for managing time. There is nothing else to do. For example, we were asked to get ready in 5 minutes maximum. In those 5 minutes, we have to take bath, finish breakfast, wear the uniform and be present with weapons. That is how we are trained. The moment the siren goes on, one should be ready to fire. Even today, I don't need more than 5 minutes to get ready and start the work. So, the time wasted is less. As I said earlier, regular practice to reduce time on a particular job due to utmost focus also reduces the time wasted and helps in managing it better. One more important thing is we should study to implement it. The problem is we study and forget it while applying; it is not a tweet coming in the social media. So, since most of the things required for the job are already in the back of my mind and there is no need to go back and keep studying, it reduces the time consumed on that job.

**CS Shobha:** *How to remember Sir?*

**CS Ravichandran:** Don't you remember a movie may be even after 20 years? So, your attention is undivided, you are focused and you have visualization in the mind. Similarly, you need to focus on what you read with full attention and if needed visualize and remember. The problem is one may be reading the sentence but may not be grasping the whole of it. Memory is not something to be improved by consuming memory pills.

**CS Pracheta:** *Sir, please share your fitness routine and your views on being healthy.*

**CS Ravichandran:** First one is avoid eating unnecessarily. Without doing much one can be healthy if overeating is avoided. Temptation is the cause for various other negative elements like corruption, fraud etc. If you are able to control yourself, you don't need anything. Eat when needed and don't starve also. Secondly, I do 10 minutes of walking and jogging; 10 minutes of cardio and crunching and 10 minutes of yoga like Chakrasana, Halasana, Shirshasana. I can touch my knees by bending. I got to know it is called Jefferson Curl only recently. I have been doing this since long, without knowing what it is called! Daily practice is the secret to keep the body fit and flexible.

**CS Shobha:** *What are your other interests?*

**CS Ravichandran:** I love tea and peanuts. I am a fan of table tennis, badminton and carom. Even in the midst of work if someone calls, I will go and play. I believe it is ok to spend half an hour or so in such activities. One more thing I am teetotaler. Even in Kashmir, under hostile conditions, where alcohol was flowing, I was having Complan milk, not even tea or coffee. I was called the Complan boy. I started tea or coffee only after CS. So, yes, I fall for Tea.

**CS Pracheta:** *What are the values that have shaped your life and profession?*

**CS Ravichandran:** Only one value- Commitment; Commitment towards whatever is the job on hand. The client is unaware of the situation he is into since he has no legal background. He is not aware of the work and intricacies involved. So the trust he places in you is more. He believes that because you are qualified, you will make better decisions, especially in case of middle level clients and therefore, more than the fees, the trust is to be upheld. The professional work should not be dependent on the fees/remuneration received.

**CS Shobha:** *So profound! If I may ask, how are you able to balance the work life and personal life? Are there complaints from any side?*

**CS Ravichandran:** Fortunately, there have been no complaints. Time management is an art. One must give time to everyone including family. In these 27 years, I have never missed going out with the family to various destinations. Come Sunday, sometimes we go to nearby places, forest, resorts, hill stations. Again the same thing, commitment matters. One more thing is, if you have hard pressed on time, you should be in a position to communicate and they will understand. I don't spend time to know how much money is with me; either office knows or my wife knows (Laughs). I also am not a member of any club or anything. I am always available to the family. This way I am committed to the family as much as committed to the profession.

**CS Pracheta:** *It has been a great learning through your journey and stories and your thoughts. Please share your quick thought for the students who have joined recently or who are planning to join the profession*

**CS Ravichandran:** I have a concern that our career counseling gives high hopes to the students. Don't give false hopes and they should be told that the professional qualification gives a launching pad. Lot of efforts need to be put in. There is competition in this profession too like any other profession. So, one cannot cut corners. There are opportunities for those who raise up to the occasion but one should put in proper and genuine efforts for the same. Do the job passionately and wait patiently. There will be a day which will come. Nowadays, youngsters have less patience. Also, I have noticed, that nowadays majority of the students/newcomers are lacking the depth of knowledge. That needs to be developed only then success will follow.

**CS Pracheta:** *We are grateful for this opportunity Sir. You are a stalwart in the profession, and it has been an honour interviewing you and the learning are profound. We both are indebted to you.*

**CS Ravichandran Sir:** Namaskara! Santhosha! Every day I try to learn few words of Kannada. I have learnt a few words!

**Tumba Santhosha!**

*For Complete interview please click below link*

<http://bit.ly/InterviewwithCSDrKSR>



# The Law relating to Remuneration of Directors under the Companies Act 2013 as amended up to 18 March 2021



**CS Dr Chandratre**

*Practicing company secretary*

*Email id: krchandratre@gmail.com*

## PROFILE OF DR. K. R. CHANDRATRE

- Dr Chandratre is a Practicing Company Secretary.
- He has been in the profession of Company Secretary for over 40 years, before which he worked as a Lecturer in Commerce & Accountancy at R A Podar College of Commerce & Economics, Mumbai for three years. After serving Kirloskar Oil Engines Ltd. for 15 years, his last position being Director (Legal, Secretarial & HR) & Company Secretary, Dr Chandratre entered the practice as Company Secretary in 2003.
- He has an impressive academic background. He holds Master's degree in Commerce, Law degree and Doctorate degree from the University of Pune. He is a fellow member of the Institute of Company Secretaries of India.
- He has secured several academic and professional distinctions and honours. He was the President of the Institute of Company Secretaries of India during 1996 and the Vice-President two years, 1994 and 1995.
- He has copious published writings to his credit. He has so far authored over 1000 articles and 26 books on various subjects in the areas of Corporate Laws and Corporate Secretarial Practice. Many of his articles have bagged awards as best articles. Some of his current prominent book are
  1. Commentary on the Companies Act
  2. The Company Secretarial Practice Manual
  3. Company Meetings: Law, Practice & Procedure
  4. Law relating to Insider Trading
  5. Secretarial Audit & Compliance Manual
  6. Law relating to Oppression & Mismanagement
  7. Compendium of Key Issues under Corporate Laws
  8. Law & Practice of Formation, Incorporation and Conversion of Companies
  9. SEBI LODR Regulations- A Handbook
- He is an active participant in seminars, workshops, conferences and conventions, Dr Chandratre so far addressed more than 500 such programmes, besides contributing papers at the National & International levels.
- He was a member of the Working Group on Redrafting of the Companies Act, 1956 constituted by the Government of India in August 1996, to draft a new Companies Act to be substituted for the Companies Act 1956.
- He was the Chairman of the Committee on 'Delisting of Securities' constituted by SEBI in March 1997. He was also a member of Advisory Committee on Primary Markets of SEBI during 1996.
- He was a SEBI-nominated Public Representative Director and Chairman of the Board and the President of the Pune Stock Exchange, during April 2004 to April 2005.



- He was a Member of the Expert Group constituted by SEBI in October 2004 under the Chairmanship of Justice Kania to suggest further amendments to the SEBI Act 1992.
- He was the Chairman, Corporate Legislation Sub-committee of Mahratta Chamber of Commerce and Industries, Pune during 1997-98 and 1998-1999 and a member, Legal Affairs Committee of Bombay Chamber of Commerce & Industry, Bombay and a member.
- He was a member Secretarial Standards Board and Chairman of the Core Group on Secretarial Audit of the ICSI. He was also the Chairman of the Expert Advisory Group of the ICSI for the past four years.
- He is a plain English activist and has been contributing to promote plain English in legal and business writing. He has written many articles and a book entitled Legal and Business Writing in Plain English.

The Law relating to Remuneration of Directors under the Companies Act 2013 as amended up to 18 March 2021 is analyzed and commented by renowned Senior Scholar CS Dr Chandratre for our readers. He gives an in-depth coverage on the topic in great detail. For the convenience of digital reading, the commentary is divided into six parts. Let's have this knowledge feast over six editions commencing from this edition. Below is the index to have quick reference.

Edition	Topic Covered	Brief Content
205 - Part I	Managerial Remuneration- Introduction	<ul style="list-style-type: none"> <li>a. Introduction</li> <li>b. Definition of Remuneration</li> <li>c. Over-all limits on remuneration</li> <li>d. Sub-limits of remuneration</li> </ul>
206 - Part II	Remuneration to certain category of Directors	<ul style="list-style-type: none"> <li>a. Remuneration payable to Non-Executive Directors</li> <li>b. Remuneration to Non-executive Directors when Company has loss or inadequate.</li> <li>c. Fixed periodical payments to Non-Executive Directors</li> <li>d. Remuneration to Independent Directors in case of loss</li> <li>e. Consequence of default of loans</li> </ul>
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208 - Part IV	Remuneration to MD and WTD continued	<ul style="list-style-type: none"> <li>a. Remuneration to MD, WTD and Manager- From two companies</li> <li>b. Recovery of excess remuneration</li> <li>c. Remuneration to Professional MD/WTD/Manager</li> <li>d. Remuneration for professional service</li> </ul>
209 - Part V	Meaning of Professional and profession	<ul style="list-style-type: none"> <li>a. Remuneration for professional service continued- Meaning of 'profession' and 'professional'.</li> <li>b. Supportive judgements</li> </ul>
210 - Part VI	Applicability to Private Companies	<ul style="list-style-type: none"> <li>a. Applicability of Section 196 and 197 to Private Companies</li> <li>b. SEBI (LODR), 2015 on Managerial Remuneration</li> </ul>

## 1. Introduction

Sections 196 and 197 of the Companies Act 2013, containing provisions concerning appointment of managing director and whole-time director and remuneration of directors (including remuneration of managing director and whole-time director), were amended by the Companies (Amendment) Act 2017.

By a Notification issued by the MCA, the amended sections came into force on 12 September 2018.

By another Notification issued by the MCA on that date, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 were amended.

By another Notification issued by the MCA on that date, Schedule V to the Act was amended.

These amendments are prospective and not retrospective in effect; hence, they would apply only to the remuneration payable to a managing director/whole-time director/manager of a public company, from 12 September 2018. The remuneration payable up to 12 September 2018 would be governed by the unamended provisions of the Act and Schedule V.

There is, however, one exception to the proposition that the amendments are not retrospective in effect, namely the provision in subsection (17) of section 197 (discussed in detail below). In the cases covered by subsection (17), a company can get the approval of its shareholders (within one year from 12 September 2018 and pay remuneration for the period for which the approval of the central government had been sought in accordance with the provisions of section 197 and Schedule V as amended on 12 September 2018.

## 2. Definition of 'Remuneration'

Section 2(78) defines the term 'remuneration' as under:

"remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961 (43 of 1961)."

This sub-section was made effective from 12-9-2013 vide Notification No. SO 2754(E), dated 12-9-2013. The definition in section 2(78) of the 2013 Act is common for the entire Act and it will apply to all provisions of the Act in which the term 'remuneration' is used, unless the context requires otherwise.

The Companies Act 1956 Act contained the definition of 'remuneration' in its section 198, but that definition was meant only for the purpose of section 198 and other sections concerning remuneration of directors (including Schedule XIII). It read as follows:

"For the purposes of this section and sections 309, 310, 311, <sup>1</sup>[\* \* \*] 381 and 387, "remuneration" shall include,—

- a) any expenditure incurred by the company in providing any rent-free accommodation, or any other benefit or amenity in respect of accommodation free of charge, to any of the persons specified in sub-section (1);
- b) any expenditure incurred by the company in providing any other benefit or amenity free of charge or at a concessional rate to any of the persons aforesaid;

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<sup>1</sup> The figures "348, 352" omitted by the Companies (Amendment) Act, 2000, w.e.f. 13-12-2000.

- c) any expenditure incurred by the company in respect of any obligation or service, which, but for such expenditure by the company, would have been incurred by any of the persons aforesaid; and
- d) any expenditure incurred by the company to effect any insurance on the life of, or to provide any pension, annuity or gratuity for, any of the persons aforesaid or his spouse or child.”

It will be seen that this definition was an inclusive definition (contrary to the definition in the 2013 Act) and all of its four clauses emphasized actual 'expenditure incurred' by the company as the basis of calculation of remuneration. The word 'equivalent' means equal in value, measure, force, effect, significance, etc. Thus, any perquisite, amenity, benefit or facility provided by the company to managerial personnel as part of his remuneration package and which has monetary value or can be converted into money value, will amount to



'remuneration', besides any payment made in money. Thus, the substance of the two definitions seems to be the same, i.e. expenditure incurred by the company on or for the benefit of a director. From this standpoint, the definition in the 1956 Act can be taken in aid to determine as to what should be added in remuneration of a director.

The new definition emphasizes 'any money or its equivalent given or passed to any person for services rendered' by a director to the company. In effect, any money paid in any form or by any name to any a director for services rendered by him/her and any benefit, amenity, facility provided by a company to any person, will amount to 'remuneration' and its monetary equivalent will have to be included in remuneration of the person for services rendered by him.

Besides, the new definition also requires inclusion of value perquisites as defined under the Income-tax Act, 1961 in the remuneration. Currently that definition is contained in section 17(2) of the Income-tax Act, 1961.

One of ingredients of the definition in section 17(2) of 'perquisites' is the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee. This seeks to bring within the ambit of the definition, for example, the value of shares allotted at a price less than its market value.

In *Salmon v Weight* [1935] All ER Rep 904, the statutory provision sought to bring within the tax net a person having or exercising "an office or employment of profit in respect of all salaries, wages, perquisites or profits whatsoever therefrom." S, as the managing director of a limited company, was entitled to a yearly salary, but in addition, under resolutions each year, he was given (for services to the company) the right to apply for and take up at par "A" ordinary shares of the company. The shares were at all times of a value considerably in excess of par, and were freely saleable. S had not sold any of the shares so taken up. Assessments were made on S. in respect of the difference between the par value and the actual value of the allotted shares. It was held that the advantage given to S. of receiving the allotments was "profits" from "having or exercising an office or employment of profit".

### 3. Overall Limit on Managerial Remuneration

The amended subsection (1) and the first proviso of section 197 read as follows:

*“(1) The total managerial remuneration payable by a public company, to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven per cent of the net profits of that company for that financial year computed in the manner laid down in section 198 except that the remuneration of the directors shall not be deducted from the gross profits:*

*Provided that the company in general meeting may, <sup>2</sup>[\* \* \*] authorize the payment of remuneration exceeding eleven per cent of the net profits of the company, subject to the provisions of Schedule V.”*

As noted before, a proviso in a statutory provision carves out an exception to the main provision to which it has been enacted. Therefore, the first proviso to subsection (1) seeks to carve out an exception to what is provided in subsection (1).

Subsection (1) of section 197 stipulates the overall limit 11% of the net profits on managerial remuneration. This limit is for remuneration payable to all directors of a company (executive directors and non-executive directors). But the first proviso creates an exception to the above provision. The effect of the first proviso is that the 11% stipulated in subsection (1) can be exceeded if the shareholders of the company in general meeting authorize the payment of remuneration exceeding 11% limit, subject to the provisions of Schedule V.

The words “the company in general meeting may authorize the payment of remuneration exceeding eleven per cent of the net profits of the company” indicate that the shareholders’ approval for exceeding the 11% limit is required by an ordinary resolution and not by special resolution, and it does not require approval of the Central Government.

There is no upper limit on remuneration with the shareholders’ approval; a company may get the approval of shareholders for payment of remuneration to all its directors, to any extent. Thus, if the shareholders given their approval to exceed the 11% limit, that limit loses all significance and relevance.

It should be noted that subsection (1) and its first proviso are relevant for the purpose of payment of remuneration to the directors of a public company and in this regard the said statutory provisions do not distinguish between promotor and non-promotor or independent and non-independent directors.

### 4. Sub-Limits on Managerial Remuneration

The second proviso to section 197(1) reads as follows:

*“Provided further that, except with the approval of the company in general meeting <sup>3</sup>[by a special resolution],—*

- i. the remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together;*

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<sup>2</sup> The words “with the approval of the Central Government,” omitted by the Companies (Amendment) Act, 2017, w.e.f. 12 September 2018.

<sup>3</sup> Inserted by Companies (Amendment) Act, 2017, w.e.f. a date to be notified.



- ii. *the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed,—*
- a) *one per cent of the net profits of the company, if there is a managing or whole-time director or manager;*
  - b) *three per cent of the net profits in any other case.”*

This proviso lays down sub-limits on managerial remuneration. According to this proviso, a company may pay to its executive directors (managing director/whole-time director) and non-executive directors subject to the limits specified in clauses (i) and (ii) respectively. But the words “except with the approval of the company in general meeting by a special resolution” clearly indicate that the limits specified in clauses (i) and (ii) can be exceeded with the approval of shareholders by special resolution. This will, however, be subject to the overall limit under subsection (1), as applicable to the company (either 11% or more).

Thus, a company may pay its executive directors, remuneration in excess of 5% or 10%, within the overall limit of 11% (or more than 11% if approved by shareholders under subsection (1)). Likewise, a company may pay its executive directors, remuneration in excess of 1% or 3% within the overall limit of 11% (or more than 11% if approved by shareholders under subsection (1)).

Section I of Part II of Schedule V is entitled “Remuneration payable by companies having profits:” and it provides that “Subject to the provisions of section 197, a company having profits in a financial year may pay remuneration to a managerial person or persons not exceeding the limits specified in such section.”

It must be noted that the provisions contained in Schedule V have relevance to only executive directors’ remuneration. The Schedule does not apply to the remuneration payable to non-executive directors.

What Section I of Part II of Schedule V lays down is that a company having adequate profits can pay remuneration to its executive directors, subject to the limits specified in clause (i) of the second proviso or in excess of the limits if approved by the shareholders by special resolution (as explained above).

It should be noted that the second proviso to subsection (1) of section 197 is relevant for the purpose of payment of remuneration to the managing director/whole-time director/manager of a public company and in this regard the said statutory provision does not distinguish between promotor and non-promotor or independent and non-independent directors; the only distinction it makes is executive and non-executive directors and its clause (i) applies only in the case of executive directors’ (including promotor directors) remuneration and clause (ii) applies only in the case of non-executive directors’ remuneration (including independent directors).

*To be continued...*



# Provisions relating to Non-Profit Companies (Section 8 Company)



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## **Preface:**

Section 8 Companies are most reliable, credible, and popular format of registration of Non-Profits Organizations in India. Section 8 Companies have a separate legal entity and is different from its members. The Section 8 Company has perpetual existence. No minimum capital requirements have been specified for these companies in the Companies Act, 2013. These companies can alter its capital structure later on as per its requirements. These Companies enjoy many tax benefits.

## **Legal Framework**

Section 8 and Sub Sections 1 to 11 of The Companies Act, 2013

Rule 8(7), 19, 20, 21, 22 and 23 of The Companies (Incorporation) Rules, 2014

## **Who can form a Sec 8 Company**

1. Any person or association of persons (including a partnership firm)
2. Any existing company
3. One Person Company cannot be a Sec 8 Company (Rule 3(5))

## **Application for Name**

An application for reservation of name of Section 8 Company shall be made in RUN Form by paying Govt. Fee of Rs. 1000/-.

The name shall include the words - Foundation - Forum - Association - Federation - Chambers - Confederation - Council - Electoral Trust and the like etc. The name does not include the words “Private Limited” or “Limited”.

## **Eligibility Criteria**

1. The main objects should ensure promotion of Commerce - Art - Science - Sports - Education - Research - Social Welfare - Religion - Charity - Protection of Environment - or any such other object
2. Intends to apply its profits, if any, or other income in promoting its objects
3. Intends to prohibit the payment of any dividend to its Members.

## **Procedure for Obtaining License from Central Government**

### **A For new companies (Rule 19)**

The application in SPICe+ (Simplified Proforma for Incorporating company Electronically Plus (INC-32) Form, along with the prescribed Fees, is to be made to the Registrar for registration and Obtaining License under Section 8 of the Companies Act, 2013 by attaching the following documents to it:

- Draft copy of Memorandum of Association as per Form INC 13
- Draft copy of Articles of Association (Format not prescribed)
- A declaration in Form INC 14 by professional stating that draft of MOA and AOA have been drawn up in conformity with the provisions of Section 8 and rules thereof and that all the requirements of the Act and Rules thereof have been complied therewith.
- An estimate of the future annual income and expenditure of the company for the next 3 years specifying the sources of income and the objects of the expenditure.
- Declaration by the subscribers in Form INC 15

### **B For Existing Companies (Rule20)**

The Existing Limited Companies registered under this Act or under any previous company law, with any of the objects specified in clause (a) of sub-section (1) of section 8 and the restrictions and prohibitions as mentioned respectively in clause (b) and (c) of that sub-section, and which is desirous of being registered under section 8, without the addition to its name of the word "Limited" or as the case may be, the words "Private Limited", shall make an application in Form No.INC.12 along with the prescribed fees to the Registrar for a license under Section 8 by attaching the following documents to it

- the memorandum and articles of association of the company.
- the declaration as given in Form No.INC.14 by an Advocate, a Chartered accountant, Cost Accountant or Company Secretary in Practice, that the memorandum and articles of association have been drawn up in conformity with the provisions of section 8 and rules made thereunder and that all the requirements of the Act and the rules made thereunder relating to registration of the company under section 8 and matters incidental or supplemental thereto have been complied with.
- For each of the two financial years immediately preceding the date of the application, or when the company has functioned only for one financial year, for such year (i) the financial statements, (ii) the Board's reports, and (iii) the audit reports, relating to existing companies.
- a statement showing in detail the assets (with the values thereof), and the liabilities of the company, as on the date of the application or within thirty days preceding that date.
- an estimate of the future annual income and expenditure of the company for next three years, specifying the sources of the income and the objects of the expenditure.
- the certified copy of the resolutions passed in general/ board meetings approving registration of the company under section 8; and
- a declaration by each of the persons making the application in Form No.INC.15.

The company shall, within a week from the date of making the application to the Registrar, publish a notice at its own expense, and a copy of the notice, as published, shall be sent forthwith to the Registrar and the said notice shall be in Form No. INC.26 and shall be published-

- a) at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the proposed company is to be situated or is situated, and circulating in that district, and at least once in English language in an English newspaper circulating in that district; and
- b) on the websites as may be notified by the Central Government.

The Registrar may require the applicant to furnish the approval or concurrence of any appropriate authority, regulatory body, department or Ministry of the Central Government or the State Government(s).

The Registrar shall, after considering the objections, if any, received by it within thirty days from the date of publication of notice, and after consulting any authority, regulatory body, Department or Ministry of the Central Government or the State Government(s), as it may, in its discretion, decide whether the license should or should not be granted.

The license shall be in Form No.INC.16. or Form No.INC.17, as the case may be, and the Registrar shall have power to include in the license such other conditions as may be deemed necessary by him.

The Registrar may direct the company to insert in its memorandum, or in its articles, or partly in one and partly in the other, such conditions of the license as may be specified by the Registrar in this behalf.

#### **Benefits of Section 8 Company Registration**

- Exemption from Stamp Duty.
- Tax deductions to the donors of the Company u/s. 80G of the Income Tax Act.
- Section 8 Companies can be formed with or without share capital, in case they are formed without capital, the necessary funds for carrying the business are brought in form of donations, subscriptions from members and general public.
- Section 8 Companies are not required to add the suffix Limited or Private Limited at the end of their name.
- A Section 8 Company has more credibility as compared to any other Non-profit organization structure like Trust or Society.

#### **Other Exemptions applicable to Section 8 Companies**

- As per Section 2(1) of the company secretaries act, 1980, the provision of section2(1)(c) would not apply to section 8 of the company's act. So it is not mandatory to appoint a company secretary in the company under section 8.
- As per Section 101(1) of Companies Act, minimum 14 days' notice as against 21 days' notice is applicable for Section 8 Companies, as notice period for calling AGM. (Refer notification G.S.R. 466(E) dated 5th June 2015.)
- The Provisions of section 118 of the Companies Act, 2013, shall not apply as a whole to Section 8 Companies except that minutes may be recorded within thirty days of the conclusion of every meeting in case of companies where the articles of association provide for confirmation of minutes by circulation - Notification dated 5th June 2015.
- The prescription under section 149(1) of Companies Act 2013 as to having Minimum of three directors for public limited company and two directors for private limited company and maximum of fifteen directors is not



applicable to section 8 company and thus there is no prescription with respect to minimum or maximum directors in a section 8 Company.

- Section 8 Companies are exempted from the requirement of appointment of independent director and all the consequential provisions relating to Independent directors under section 149(1) of the Companies Act, 2013 vide exemption notification dated June 05, 2016.
- The ceiling with respect to maximum number of directorships as prescribed under Section 165 of the Companies Act 2013(Twenty) will not be counted for Section 8 Companies.
- In view of exemption notification read with section 173(1), section 8 companies are required to have at least one meeting within every six calendar months.
- As per section 174(1) read with exemption notification, quorum for board meetings of section 8 companies is eight directors or 25% of its total strength, whichever is lower. However, the quorum shall not be less than two members.
- The Requirement of constitution of a nomination and remuneration committee and stakeholder's relationship committee, which are otherwise prescribed under Section 178 of the Companies Act, 2013., is not applicable to Section 8 Companies vide exemption notification dated June 05, 2016.
- A firm (Partnership Firm or LLP) can even be a member of a Section 8 Company.

#### **Conversion of Section 8 Company into a Company of Any Other Kind**

- A Special Resolution shall be passed at a general meeting for approving such conversion.
- The explanatory statement annexed to the notice convening the general meeting shall set out in detail the reasons for opting for such conversion including the following, namely: -
  - a. the date of incorporation of the company.
  - b. the principal objects of the company as set out in the memorandum of association.
  - c. the reasons as to why the activities for achieving the objects of the company cannot be carried on in the current structure i.e., as a section 8 company.
  - d. if the principal or main objects of the company are proposed to be altered, what would be the altered objects and the reasons for the alteration.
  - e. what are the privileges or concessions currently enjoyed by the company, such as tax exemptions, approvals for receiving donations or contributions including foreign contributions, land and other immovable properties, if any, that were acquired by the company at concessional rates or prices or gratuitously and, if so, the market prices prevalent at the time of acquisition and the price that was paid by the company, details of any donations or bequests received by the company with conditions attached to their utilization etc.
  - f. details of impact of the proposed conversion on the members of the company including details of any benefits that may accrue to the members as a result of the conversion.
- A certified true copy of the special resolution along with a copy of the Notice convening the meeting including the explanatory statement shall be filed with the Registrar in Form No.MGT.14 along with the fee.

- The company shall file an application in Form No.INC.18 with the Regional Director with the fee along with a certified true copy of the special resolution and a copy of the Notice convening the meeting including the explanatory statement for approval for converting itself into a company of any other kind and the company shall also attach the proof of serving of the notice served to all the authorities mentioned in sub-rule (2) of rule 22.
- A copy of the application with annexures as filed with the Regional Director shall also be filed with the Registrar.

**Additional Conditions to be Complied With by Section 8 Companies Seeking Conversion into Any Other Kind: -**

- The company shall, within a week from the date of submitting the application to the Regional Director, publish a notice at its own expense, and a copy of the notice, as published, shall be sent forthwith to the Regional Director and the said notice shall be in Form No. INC.19 and shall be published-
  - a) at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and having a wide circulation in that district, and at least once in English language in an English newspaper having a wide circulation in that district; and
  - b) on the website of the company, if any, and as may be notified or directed by the Central Government.
- The company shall send a copy of the notice, simultaneously with its publication, together with a copy of the application and all attachments by registered post or hand delivery, to the Chief Commissioner of Income Tax having jurisdiction over the company, Income Tax Officer who has jurisdiction over the company, the Charity Commissioner, the Chief Secretary of the State in which the registered office of the company is situated, any organization or Department of the Central Government or State Government or other authority under whose jurisdiction the company has been operating and if any of these authorities wish to make any representation to Regional Director, it shall do so within sixty days of the receipt of the notice, after giving an opportunity to the Company.
- The copy of proof of serving such notice shall be attached to the application.
- The Board of directors shall give a declaration to the effect that no portion of the income or property of the company has been or shall be paid or transferred directly or indirectly by way of dividend or bonus or otherwise to persons who are or have been members of the company or to any one or more of them or to any persons claiming through any one or more of them.
- Where the company has obtained any special status, privilege, exemption, benefit or grant(s) from any authority such as Income Tax Department, Charity Commissioner or any organization or Department of Central Government, State Government, Municipal Body or any recognized authority, a "No Objection Certificate" must be obtained, if required under the terms of the said special status, privilege, exemption, benefit or grant(s) from the concerned authority and filed with the Regional Director, along with the application.
- The company should have filed all its financial statements and Annual Returns up to the financial year preceding the submission of the application to the Regional Director and all other returns required to be filed under the Act up to the date of submitting the application to the Regional Director and in the event the application is made after the expiry of three months from the date of preceding financial year to which the financial statement has been filed, a statement of the financial position duly certified by chartered accountant made up to a date not preceding thirty days of filing the application shall be attached.

- The company shall attach with the application a certificate from practicing Chartered Accountant or Company Secretary in practice or Cost Accountant in practice certifying that the conditions laid down in the Act and these rules relating to conversion of a company registered under section 8 into any other kind of company, have been complied with.
- The Regional Director may require the applicant to furnish the approval or concurrence of any particular authority for grant of his approval for the conversion and he may also obtain the report from the Registrar.
- On receipt of the application, and on being satisfied, the Regional Director shall issue an order approving the conversion of the company into a company of any other kind subject to such terms and conditions as may be imposed in the facts and circumstances of each case including the following conditions, namely;-
  - a) the company shall give up and shall not claim, with effect from the date its conversion takes effect, any special status, exemptions or privileges that it enjoyed by virtue of having been registered under the provisions of section 8;
  - b) if the company had acquired any immovable property free of cost or at a concessional cost from any government or authority, it may be required to pay the difference between the cost at which it acquired such property and the market price of such property at the time of conversion either to the government or to the authority that provided the immovable property;
  - c) any accumulated profit or unutilised income of the company brought forward from previous years shall be first utilized to settle all outstanding statutory dues, amounts due to lenders claims of creditors, suppliers, service providers and others including employees and lastly any loans advanced by the promoters or members or any other amounts due to them and the balance, if any, shall be transferred to the Investor Education and Protection Fund within thirty days of receiving the approval for conversion;
- Before imposing the conditions or rejecting the application, the company shall be given a reasonable opportunity of being heard by the Regional Director.
- On receipt of the approval of the Regional Director,
  - i. the company shall convene a general meeting of its members to pass a special resolution for amending its memorandum of association and articles of association as required under the Act consequent to the conversion of the section 8 company into a company of any other kind.
  - ii. the Company shall thereafter file with the Registrar.
    - a. a certified copy of the approval of the Regional Director within thirty days from the date of receipt of the order in Form No.INC.20 along with the fee.
    - b. amended memorandum of association and articles of association of the company.
    - c. a declaration by the directors that the conditions, if any imposed by the Regional Director have been fully complied with.
- On receipt of the documents referred to in sub rule (10) above, the Registrar shall register the documents and issue the fresh Certificate of Incorporation.

#### Intimation to Registrar of Revocation of License

- Where the license granted to a company registered under section 8 has been revoked, the company shall apply to the Registrar in Form No.INC.20 along with the fee to convert its status and change of name accordingly.

- Penal Provisions applicable to Section 8 Companies:

For Contravening the provisions of Section 8 of the Companies Act, 2013, the Central Government may

- Revoke the license issued and covert the status and change its name to add the words ‘Limited’ or ‘Private Limited’ as the case may be.
- Order for amalgamation of company with similar objects
- Order for winding up.
- Section 8 Company and the respective officer in default is liable for penalty prescribed.

#### **Penalties prescribed under Section 8.**

For Company: fine not less than Rs 10 lakh, which may extend to Rs 1 crore.

For directors/officers in default. Imprisonment for a term which may extend to 3 years or a fine not less than Rs 25000 which may extent to Rs 25 lakhs or with both.

Provided that when it is proved that the affairs of the company were conducted fraudulently, every officer in default shall be liable for action under section 447.

#### **Conclusion:**

Section 8 Companies primarily operate for charitable and non-profit objectives which are for the well-being of our society. Also, it has got several exemptions in terms of tax and others.

#### **Reference:**

MCA e-book

ICSI website

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# Tax Extensions / Relaxations 2021 to support the Industries affected by Covid-19



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*“Bold reforms taken by Govt. will drive the country's push towards self-reliance.”*

Coronavirus Disease 2019 (COVID-19) is a Pandemic disease as declared by World Health Organization (WHO) and was identified in Wuhan, China, and is now being spread throughout the world.

Finance Minister via issued guidelines and relaxation in Corporate Filings and also stated various reforms under various Laws.

In view of the challenges faced by taxpayers due to the outbreak of Novel Corona Virus (COVID-19), the Government of India has taken several taxation measures to extend tax deadlines and provide exemptions to the badly affected Industries.

**Let's have a quick overview of the Taxation relaxations provided by the government to support badly affected Corporate Sector due to spike in Covid-19 Pandemic cases.**

## **1. CBDT extends certain timelines in light of the raging pandemic**

In view of the severe Covid-19 pandemic raging unabated across the country affecting the lives of our people, and in view of requests received from taxpayers, tax consultants & other stakeholders that various time barring dates, which were earlier extended to 30th April, 2021 by various notifications, as well as under the Direct Tax Vivad se Vishwas Act, 2020, may be further extended, the Government has extended certain timelines today:

- i. Time limit for passing of any order for assessment or reassessment under the Income-tax Act, 1961(hereinafter called 'the Act' ) the time limit for which is provided under section 153 or section 153B thereof;
- ii. Time limit for passing an order consequent to direction of DRP under sub-section (13) of section 144C of the Act;
- iii. Time limit for issuance of notice under section 148 of the Act for reopening the assessment where income has escaped assessment;
- iv. Time Limit for sending intimation of processing of Equalisation Levy under sub-section (1) of section 168 of the Finance Act 2016.

It has also been decided that time for payment of amount payable under the Direct Tax Vivad se Vishwas Act, 2020, without an additional amount, shall be further extended to 30th June, 2021.

## 2. Income tax compliance deadlines extended amid covid surge:

Central Board of Direct Taxes (CBDT) under section 119 of the Income-tax Act, 1961(the Act) has provided the following relaxation in respect of compliances by the taxpayers:

- a) Appeal to Commissioner (Appeals) under Chapter XX of the Act, for which the last date of filing under that Section is 1st April, 2021 or thereafter, may be filed within the time provided under that Section or by 31st May, 2021, whichever is later;
- b) -Objections to Dispute Resolution Panel (DRP) under Section 144C of the Act, for which the last date of filing under that Section is 1st April, 2021 or thereafter, may be filed within the time provided under that Section or by 31st May, 2021, whichever is later;
- c) -Income-tax return in response to notice under Section 148 of the Act, for which the last date of filing of return of income under the said notice is 1st April, 2021 or thereafter, may be filed within the time allowed under that notice or by 31st May, 2021, whichever is later;
- d) Filing of belated return under sub-section (4) and revised return under sub-section (5) of Section 139 of the Act, for Assessment Year 2020-21, which was required to be filed on or before 31st March, 2021, may be filed on or before 31st May, 2021;
- e) Payment of tax deducted under Section 194-IA, Section 194-IB and Section 194M of the Act, and filing of challan-cum-statement for such tax deducted, which are required to be paid and furnished by 30th April, 2021(respectively) under Rule 30 of the Income-tax Rules, 1962, may be paid and furnished on or before 31st May, 2021;
- f) Statement in Form No. 61, containing particulars of declarations received in Form No.60, which is due to be furnished on or before 30th April, 2021, may be furnished on or before 31st May, 2021

### Tabular Presentation of Income Tax Timelines

Compliance	Original Due Date	Extended Due date
Belated Income tax return u/s 39(4) for A.Y. 2020-21	31st March, 2021	31st May, 2021
Revised Income Tax Return u/s 39(5) for A.Y. 2020-21	31st March, 2021	31st May, 2021
Income tax return in response to notice issued under section 148 of income Tax	Last date of filing of return in notice is 1st april, 2021 or thereafter	Later of: a. Time allowed under notice; or b. 31st May, 2021
Appeal to Commissioner (Appeals)	1st April, 2021 or thereafter	Later of: a. Time provided under the section; or b. 31st May, 2021



Objection to Dispute Resolution Tribunal	1st April, 2021 or thereafter	Later of: a. Time provided under the section; or b. 31st May, 2021
Payment and filing of challan-cum-statement for TDS deducted u/s 194-IA, 194-IB and 194M	30th April, 2021	31st May, 2021
Statement in Form-61	30th April, 2021	31st May, 2021

### 3. GST Relaxations - given by CBIC due to spike in Covid-19 Pandemic

Government has granted certain relief to taxpayers by granting following extension in due dates for the month of March 21 and April 21 for various compliances under GST Law due to spike in COVID-19 cases and lockdowns and curfews:

GST Returns	Tax Period	Original Date		Due date of Payment of tax along with applicable Interest Rate			GST return due date with NIL Penalties (Extension)
		GST return	Payment of Taxes	Due date with no Interest	Due date with 9% interest	Due date with 18% Interest	
<b>GSTR 3B:</b> Having aggregate Turnover of more than 5 Crores during preceding year	March, 2021	20 April, 2021	20 April, 2021	Up to 20 April 2021	Between 21 April 2021 to 5 May 2021	From 6 May 2021 and onwards	5 May 2021
	April, 2021	20 May, 2021	20 May, 2021	Up to 20 May 2021	Between 21 May 2021 to 4 June 2021	From 5 June 2021 and onwards	4 June 2021
<b>GSTR 3B:</b> Aggregate turnover of upto 5 Crores during preceding year and who has opted for monthly filing of return under QRMP	March, 2021	20 April, 2021	20 April, 2021	Up to 5 May 2021	Between 06 May 2021 to 20 May 2021	From 21 May 2021 and onwards	20 May 2021
	April, 2021	20th May, 2021	20th May, 2021	Up to 4 June 2021	Between 05 June 2021 to 19 June 2021	From 20 June 2021 and onwards	19 May 2021

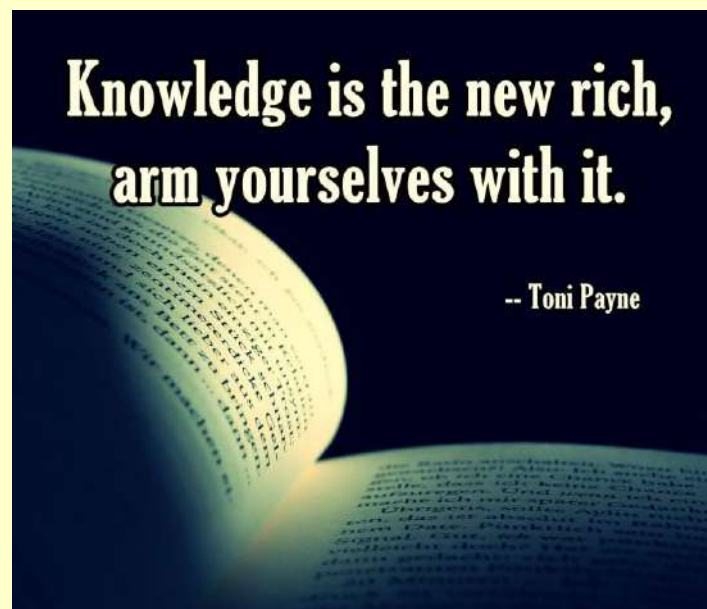
<b><u>GSTR 3B:</u></b> Aggregate turnover of upto 5 Crores during preceding year and who has opted for Quarterly filing of return under QRMP (category X states/UT*)	March, 2021	22 April, 2021	22 April, 2021	Up to 7 May 2021	Between 08 May 2021 to 22 May 2021	From 23 May 2021 and onwards	22 May 2021
	April, 2021	NA	25 May, 2021	Up to 9 June 2021	Between 10 June 2021 to 24 June 2021	From 25 June 2021 and onwards	NA
<b><u>GSTR 3B:</u></b> Aggregate turnover of upto 5 Crores during preceding year and who has opted for Quarterly filing of return under QRMP (category Y states/UT**)	March, 2021	24 April, 2021	24 April, 2021	Up to 9 May 2021	Between 10 May 2021 to 24 May 2021	From 25 May 2021 and onwards	24 May 2021
	April, 2021	NA	25 May, 2021	Up to 9 June 2021	Between 10 June 2021 to 24 June 2021	From 25 June 2021 and onwards	NA
<b><u>GST CMP-08:</u></b> Taxpayer opted for Composition Scheme	January to March, 2021	18 April 2021	18 April 2021	3 May 2021	Between 4 May 2021 to 18 May 2021	From 19 May 2021 and onwards	18 May 2021
<b><u>GSTR - 4</u></b> Annual Return for dealers opted for Composition Scheme for FY 2020-21	FY 2021-21	30 April 2021	NA	NA	NA	NA	31 May 2021
<b><u>GST ITC-04:</u></b> Return of Goods send and received from job worker for Q4 of FY 2020-21	FY 2021-21	25 April 2021	NA	NA	NA	NA	31 May 2021
<b><u>GSTR-1:</u></b> Details of outward supplies	April 2021	11 May 2021	NA	NA	NA	NA	26 May 2021
<b><u>IFF Details:</u></b> Details of B2B Supplies by dealers opted for Quarterly filing of return under QRMP	April 2021	13 May 2021	NA	NA	NA	NA	28 May 2021

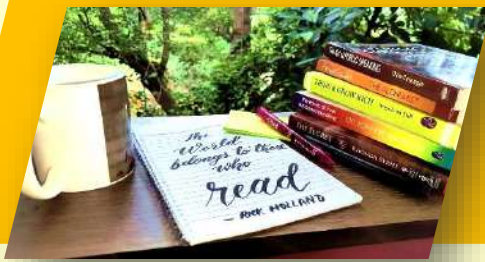
\* Category X states- Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana and Andhra Pradesh, the Union territories of Daman and Diu, Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep

\*\* Category Y States-Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi.

Ministry has come out with various Tax Laws Reforms to support industries affected by Coronavirus Pandemic (Covid-19) and provided Compliance Relaxation / Tax Reliefs under Taxation Laws and all these measures will help in Improvement in rankings in 'starting a business' and further contributed to the overall improvement in India's ranking on Ease of Doing Business (EoDB).

**Disclaimer:** Every effort has been made to avoid errors or omissions in this material. In spite of this, errors may creep in. Any mistake, error or discrepancy noted may be brought to our notice which shall be taken care of in the next edition. In no event the author shall be liable for any direct, indirect, special or incidental damage resulting from or arising out of or in connection with the use of this information. In no event the authors shall be liable for any direct, indirect, special or incidental damage resulting from or arising out of or in connection with the use of this information.





# HELP YOURSELF

## *Food for Thought*



**Aparna U**

Executive Student

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## Attitude is Everything

-by Jeff Keller

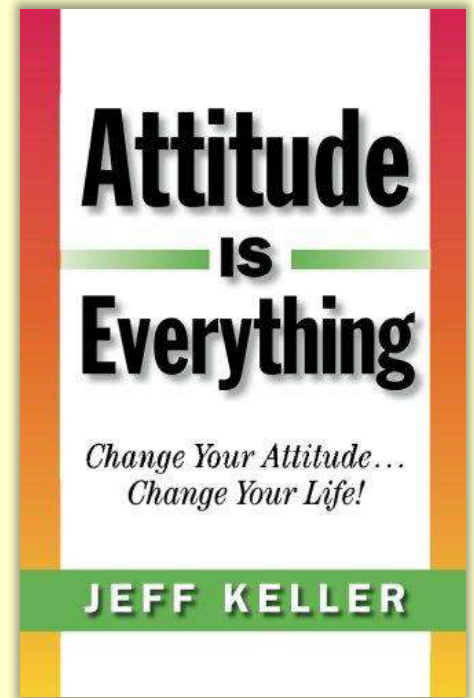
As students, we are all striving to make the best use of our time, more so, when exams are nearing. “Attitude is Everything” by Jeff Keller would be the best pick to read this month. It has a little over a hundred pages and investing just five minutes each day can take you a long way. It will help you reflect on and change a few little things about yourself that may be keeping you from achieving what you want. And, little by little, you can soon carry a great attitude that keeps you up and going.

If you are still wondering why attitude is crucial, let me share some insights from the book. The author remarkably defines it as a mental window through which you see the world. The author articulates that the more optimistic one is, the cleaner is one’s window. So, what could possibly be the stains on this window? Were such stains there right from when we were born? Definitely not. We were all born with a clear window. Remember how happy, laughing and curious we all were, as children? Things that changed us could be criticism, ridicule, rejection, disappointment and doubt. These are the stains on our window. The book highlights how important it is to wash our window and how to keep it clean at all times, that is, keep a positive attitude.

The book is divided into three parts- Think, Speak and Act. Building a great attitude requires you to work on these three crucial areas. Here, I’d like to share only one key learning from each of these three parts of the book. As always mentioned, articles under this column only give you a touch of acquaintance to the book, hoping it would make you want to pick it up and read it by yourself. So, this is far from being a book summary or a book review.

Part One of the book has a phenomenal teaching- ‘Dominant Thoughts Rule The Day.’ This is eye-opening as to how many of us merely ‘want’ to have a positive attitude but end up spending most of our day in self-doubt and in being critiques of ourselves all the time. Just like how only a little bit of diet or exercise for only a few days of the week doesn’t make you healthy, being optimistic at only a few hours of the day seldom helps. Remember to make thinking positively your dominant thought pattern and thereby your habit.

Part Two of the book discusses the importance of speech which is a reflector of one’s attitude. The author picks up a common question we face day in and day out from our friends, family and peers- “How are you?” The way we answer this can not only influence us, but also impact others. The words that we use to converse with others and even with ourselves are way more impactful than we realise and it is almost as though words are spells that we cast on ourselves and even on others! Therefore, ensure that you watch your words. The author’s analysis and articulation on this is a must read!



Part three of the book talks about action- 'Heaven helps those who act. ' The best way to highlight the importance of action would be through this common but profound saying- 'Knowledge is not power but it is application of knowledge accumulated that makes you powerful.' The emphasis here is on action. The book, too, highlights how thinking and speaking positively is not sufficient but it is through the right action that all you wish to can be achieved.

The author, as part of the conclusion, adds a brilliant note by Dr. Charles Swindoll- "I am convinced that life is 10 percent what happens to me and 90 percent how I react to it. The remarkable thing is that we have a choice every day regarding the attitude we will embrace for the day. " Therefore, wait for nothing- hurry and read this marvelous book!



**Tech Corner**  
*Technology & Studies*



**Komal Kumar M**  
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# Pulse Oximeter

Hi everyone, hope all are doing great.

As Corona virus mainly affects our lungs and breathing mechanism which results in difficulty in breathing, in severe cases death due to low oxygen saturation or low oxygen levels in blood as our blood is the part which transports oxygenated blood from one part of the body to another part.

To know the blood saturation of an individual pulse oximeter is used. We all have heard about pulse oximeter somewhere or the other, especially, during this difficult time it is a must have in all households. Ever wondered what is it used for other than COVID time? and How does it work?



Pulse oximeter is a non-invasive and painless test that measures oxygen saturation level, or the oxygen levels in blood. By using this device we can know even the small changes in the blood oxygen levels. It is a very small clip like device that attaches to the body part, most commonly put on fingers.

Blood oximeter is used at very critical care situations like asthma, chronic obstructive pulmonary disease (COPD), Pneumonia, lung cancer, anemia, Congenital heart defects to know their blood saturation levels which is very crucial

for further treatment. At these of kind situations pulse oximeter is used to assess how well a new lung medication is working, or to evaluate how helpful a ventilator is, or to know the oxygen levels during the surgeries, and many more.

Pulse Oximeter emits a small beam of light which passes through the blood which measures the oxygen levels. It does this by measuring changes in light absorption by oxygenated or deoxygenated blood. This is a painless process.

Pulse oximeter is almost accurate as compared to the other advanced equipment's used in the hospitals. It gives results within + or - 2 percentage of deference of what actually is, if it is showing around 92%, it may be somewhere around 90% to 94%. However the accuracy may differ based on the factors such as movement, nail polish, or temperature.

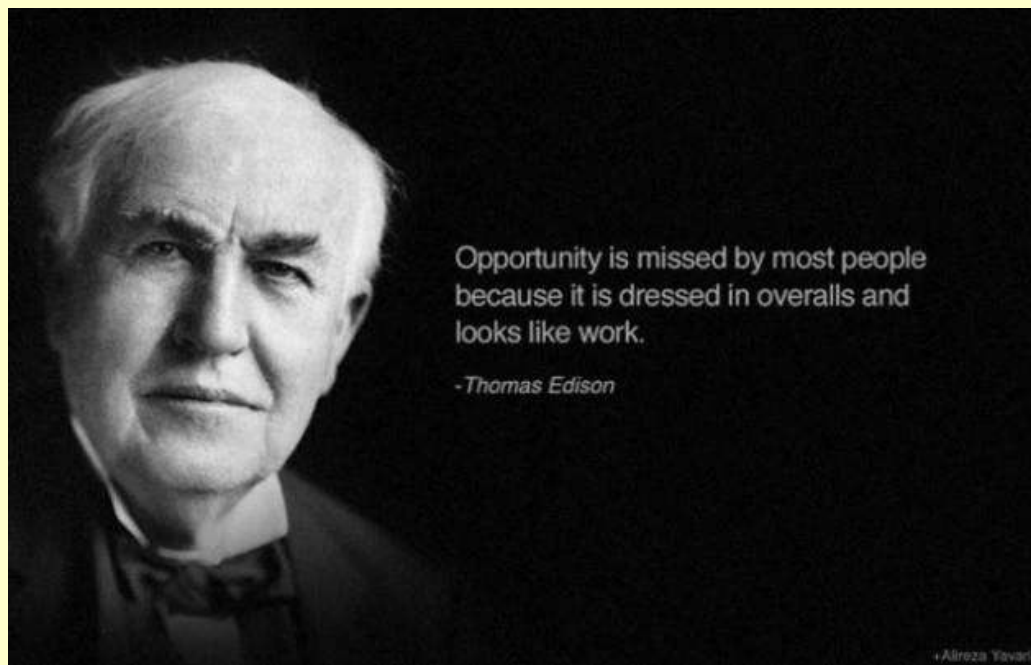
Saturation of 95% is considered as normal, when it reaches below 92% then it is called as Hypoxemia, or deficiency of oxygen supplying tissues in the body. When the oxygen saturation level drops below 85% then patients need incubated and placed on machine ventilators.

If you are feeling any discomfort in breathing, or coughing continuous, lost your taste or smell, or facing tiredness or fever please do consult a doctor, don't take self-medication its dangerous.

Please do take vaccine for COVID "Precaution is better than Cure". Let's hope that this pandemic ends soon.

Stay home, stay safe.s

Source: healthline.com







## Can a member of the Private Company renounce its share to other than exiting members.....?

### Prohibition against Public Invitation for Securities

A private company is prohibited from issuing any invitation to the public to subscribe for any securities of the Company. The words “invitation to the public” is important. A private company must not make any invitation to the public to subscribe for any shares in, or debentures of, the company. It should be noted that what is prohibited is not a mere “invitation” but “invitation to the public”.

The right to renounce the shares of a private company in favour of any other person is bound to result in the infringement of the article relating to the matter specified in the “definition” of Private Company because an offer which gives to the offeree the right to renounce the shares in favour of non-member is, in truth and substance, an invitation to the public to subscribe for the shares in the company. Members of a private company cannot claim even a limited right of renunciation under which they can renounce the shares offered to them in favour of any other members or member of the Company.

### Issue of shares by Private Company

Section 62 of the 2013 Act deals with issue of further shares in a company, viz, “right shares” as they are popularly called. It lays down the manner in which further shares can be issued. It provides that the further shares must be offered to the existing shareholders of the company on pro rata basis. If the company wants to offer new shares to the person other than the existing shareholders, the section requires approval of shareholders at a general meeting by way of a special resolution.

The Articles of private companies invariably lay down regulations regarding issue of further shares. In absence of any provision in the Articles, the Board of directors can issue new shares in a manner they think appropriate. In accordance with the Companies Act, the shares are to be offered to the existing shareholders on pro rata basis. The shares may be offered to persons other than the existing shareholders, but in allotting shares to outsiders, it should be ensured that the number of members does not exceed two hundred.

As held by the Supreme Court in the “Needle Industries case”, the members of a private company have no right to renounce shares either to an outsider or to an existing member, unless the Articles provide for the limited right of renunciation in favour of an existing member.

*[Needle Industries (India) Ltd., & ... vs Needle Industries Newey (India) ... on 7 May, 1981 (Supreme Court of India)]*

“.....The right of renunciation is tantamount to an invitation to the public to subscribe for the shares in the company and can violate the provision in regard to the limitation on number of members. Article 11, by reason of its clause (iv) prevails over the provisions of all other Articles if there is inconsistency between it and any other Article. [821 C]”

“.....The right to renounce the shares in favour of any other person is also bound to result in the infringement of the article relating to the matter specified in section 3(1)(iii)(c), because an offer which gives to the offeree the right to renounce the shares in favour of a non- member is, in truth and substance, an invitation to the public to subscribe for the shares in the company. As stated in Palmer’s Company Law (22nd Ed., Vol. I, para 21-18)”

**Disclaimer:** The entire contents of this document have been prepared on the basis of relevant provisions and as per the information existing at the time of the preparation. Though utmost efforts have made to provide authentic information, it is suggested that to have better understanding kindly cross-check the relevant sections, rules under the Companies Act,2013



## BRAINY BITS...



**CS Madhur N Agrawal**

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XYZ Pvt Ltd during this corona pandemic started free oxygen refilling in oxygen cylinder. For this they have purchased used machines from a sick industrial unit. Please let XYZ Pvt Ltd know if their activities for free oxygen refilling and used machine purchase will fall under the valid CSR expenses category.

We at ICSI Mysuru Chapter eMagazine are overwhelmed to receive answers on brainy bits, where most of these questions are based on practical situations. Our endeavor is to resolve these typical situations for readers and practitioners. If you have the answers to the questions or you have already gone through similar situations, we request you to answer the question with related procedures as well as your journey to problem solving. *Please send your answers to, [enewsletter.icsimysore@gmail.com](mailto:enewsletter.icsimysore@gmail.com) along with your name, qualification, and designation and a passport size picture. Name of the person with most appropriate answer with reasoning, shall be published in the next edition of eMagazine*



## Opinion to Last Month’s Brainy Bits

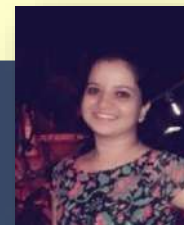


Rejection due to wrongly quoting a class of trademark is a common feature observed recently, particularly from the time when name approval procedure has gone to Central Registrar (CRC). The effective solution could be - PCS may clarify her/ his stand by filing an attachment explaining her/ his TM class 1 which is quite different than TM class 9, for which her/ his desired name was rejected. She/ he may also state it clearly in her/ his reply that Rule 8A(b) of the Companies (Incorporation) Rules, 2014 only contemplates the class of goods and services of the proposed company, which is obviously distinctive. e.g. chemicals which is completely different from scientific/ research/ cinematographic apparatus/ instruments.

Re-submission containing above attachment should lead the PCS to succeed.



## Regulatory Updates



Compiled by:

**Matruka B M**

Professional Student  
Mysore

## Companies Act, 2013

### Updates on Circulars

MCA has provided additional time till 31st July, 2021, for companies/LLPs to file such forms (except forms CHG-1, CHG-4 and CHG-9) which are due for filing during 1st April, 2021 to 31st May, 2021. This decision has been taken keeping in view the difficulties which has arisen due to COVID-19 pandemic.

### General Circular No. 06/2021

MCA has allowed relaxation of time and condone the delay in filing forms related to creation/modification of charges.

#### (i) Applicability

- a. Such creation or modification of charge shall be before 01.04.2021, but the timeline for filing such form had not expired as on 01.04.2021, or
- b. Falls on any date between 01.04.2021 to 31.05.2021

**(ii) Relaxation of Time**

- a. In case a form is filed in respect of a situation covered under sub-para (i)(a) above, the period beginning from 01.04.2021 and ending on 31.05.2021 shall not be reckoned for the purpose of counting the number of days under section 77 or section 78 of the Act. In case, the form is not filed within such period, the first day after 31.03.2021 shall be reckoned as 01.06.2021 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the Act.
- b. In case a form is filed in respect of a situation covered under sub-para (i)(b) above, the period beginning from the date of creation/modification of charge to 31.05.2021 shall not be reckoned for the purpose of counting of days under section 77 or section 78 of the Act. In case, the form is not filed within such period, the first day after the date of creation/modification of charge shall be reckoned as 01.06.2021 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the Act.

**(iii) Fees Applicability**

- a. In regard to sub-para (ii)(a) above, if the form is filed on or before 31.05.2021, the fees payable as on 31.03.2021 under the Fees Rules for the said form shall be charged. If the form is filed thereafter, the applicable fees shall be charged under the Fees Rules after adding the number of days beginning from 01.06.2021 and ending on the date of filing plus the time period lapsed from the date of the creation of charge till 31.03.2021.
- b. In regard to sub-para (ii)(b) above, if the form is filed before 31.05.2021, normal fees shall be payable under the Fees Rules. If the form is filed thereafter, the first day after the date of creation/modification of charge shall be reckoned as 01.06.2021 and the number of days till the date of filing of the form shall be counted accordingly for the purposes of payment of fees under the Fees Rules.

**General Circular No 07/2021**

MCA has decided to relax the requirement of holding Board meetings of the companies, within the intervals, as provided under section 173 of the companies Act, 2013. The interval between two Board Meetings stands extended by a period of 60 days. Accordingly, the gap between two Board Meetings is extended to 180 days (instead of 120 days) for the quarters, April to June, 2021 and July to September, 2021.

**General Circular No. 08/2021**





## Delhi Diaries



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# TO Eat an Elephant, Take One Bite at a Time - Handling Large and Complex Insolvencies -

## Jaypee Kensington Boulevard Apartments Welfare Association and Ors. v. NBCC (India) Ltd. and Ors.

The insolvency resolution process of a large company which naturally will have many creditors and stakeholders naturally will run into a lot of complications. Accordingly, the judicial decisions that deal and dispose of such resolutions are also likely to be verbose and hard to make sense of in one go. They are also hydra headed in the sense that every action of the resolution professional or the adjudicating authority gets challenged by one party or the other and often appealed all the way to the Supreme Court resulting in multiple litigations from the same resolution process. One such resolution process is that of Jaypee Infratech Ltd., (“JIL”) a real estate giant which run into trouble in recent years and finds itself at the receiving end of the IBC. The resolution was finally decided in Jaypee Kensington Boulevard Apartments Welfare Association and Ors. v. NBCC (India) Ltd. and Ors. on 24th March 2021.

However, it is important to see how the various issues arising out of the CIRP were dealt with in different judgments by the Court. As the saying goes, to eat an elephant, take one bite at a time i.e., When faced with a large and complex task it is better to accomplish it one step at a time.

The CIRP of JIL commenced on 09.08.2017 pursuant to an order of the Adjudicating Authority of the said date. Homebuyers were treated as other creditors. In Chitra Sharma v. Union of India the Supreme Court passed orders for deposit of money looking to the claim of refund being made by some of the homebuyers. However, in the meantime, the Homebuyers came to be recognized as financial creditors. We have observed the impact of this development and the back and forth in this regard over multiple previous editions of this column. But the impact of the legislative changes had now to be reconciled with the orders of the Court in the resolution of Jaypee.

As if this confusion was not enough, the Resolution Professional had also sought avoidance of certain transaction by the erstwhile management of the company. After a favourable order from the NCLT and an adverse order by the NCLAT, the Resolution Professional had preferred appeal before the Supreme Court. The Supreme Court had already decided vide

judgment dated 26.02.2020 in Anuj Jain, Interim Resolution Professional some applications regarding avoidance of certain transactions and had held some transaction by the Corporate Debtor to be hit by Section 43 of the IBC.

In the background of all such litigations, a resolution plan submitted by NBCC India came to be accepted by the Committee of Creditors and then approved by the adjudicating authority vide order dated 03.03.2020 with some modifications and directions. NBCC filed an appeal against such modifications.

However, in view of the multifarious appeals pending from the same issue, on 06.08.2020, the Supreme Court had transferred all the appeals pending on the issue to itself.

This of course did not stop new issues from cropping up. On 02.03.2021, the Court was informed that the Resolution Professional has been arrested prompting the Court to pass a strong order against the police officials, asking themselves to familiarize themselves with the provisions of Section 233 of the Code and directing the release of the resolution professional.

However, coming back to the CIRP, in the pendency of the proceedings the calculation of the assets of the corporate debtor was found to be changed on account of the fact that as a result of the judgment on avoidance of transactions, a parcel of land admeasuring 758 acres of land was removed from encumbrance. Determining that the availability of this parcel of land changed the entire substratum of the CIRP, the Court remanded the whole issue back to the Committee of Creditors and imposed a timeline of 45 days from the date of the judgment within which the CIRP should be completed. The Court also directed the adjudicating authority to decide on the resolution plan expeditiously.

Thus, we note that though the issues involved are multifarious, it has been substantially simplified by the various individual orders and judgments passed on various issues by the court. While neither the COC nor the adjudicating authority will be able to strictly adhere to the timeline imposed by the court, leeway is to be expected in this matter as the delay has been occasioned by the second wave of COVID-19 that is troubling our entire country and the consequent lockdowns and restrictions on business and commercial activities in many regions. In this situation while we await the outcome of prolix legal proceedings, we may take a moment to wish safety and salubrity for all our readers.







THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

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Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)

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Participation  
Fee

All India  
Company law

Quiz  
2021

for CS Students



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### FOUNDATION

1<sup>st</sup> Prize Rs. 50,000/-

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### PROFESSIONAL

1<sup>st</sup> Prize Rs. 50,000/-

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#### Preliminary Round:

25<sup>th</sup> June, 2021

#### Semi-Final Round:

23<sup>rd</sup> July, 2021

#### Final Round:

To be informed separately

#### Registration Open:

3<sup>rd</sup> May, 2021

#### Registration Close:

15<sup>th</sup>, June 2021  
at 5 PM

#### Eligibility:

All students of the Institute having a valid registration number as on the date of registration for competition, shall be eligible to participate in the competition.

CS Nagendra D. Rao  
President, The ICSI

CS Devendra V. Deshpande  
Vice-President, The ICSI

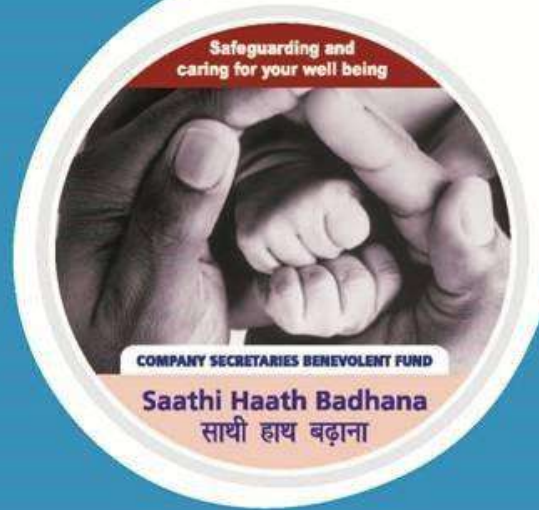
For Registration : <https://g25.tcsion.com/EFForms/configuredHtml/1677/62659/application.html>



**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)

**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

### 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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