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190th Edition



Mysuru Chapter

e-Magazine

Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टार्कं कृतं लभते। शोभते स्युः कृतं कृतम्।

Mission

"To develop high calibre professionals facilitating good corporate governance"

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From the Desk of Chairman

CS Parvathi K R
Chairperson
Mysuru Chapter

Dear Professional colleagues,

It is a great pleasure to extend my heartfelt greetings and reach you through our eMagazine.

A tree grows taller and wider through the changes of seasons with the help of leaves, roots, soil,

Ground water and the tree in turn keeps all of them healthy. Let there be such relationship between us and the institute.

Governance is one of the key elements for corporates where compliance is the first step in initiating good governance. In India, one of the premiere institute which drives and promotes good governance is our ICSI. As members of ICSI, we play a vital role in application of best practices in enhancing corporate governance which is increasingly critical to an organization's reputation and success. With dynamics of governance evolving each day with technology and advancement's in the world, it is important that 'we' professionals shall sharpen our axe, i.e., knowledge, information and wisdom. To support 'sharpening of an axe', our Chapter is organizing various events on topics of interest to professionals. I request active participation from members in those events.

Students have started their preparation for the Annual Students' Event of the Mysore Chapter which is planned during the last week of March'2020. I request all students to volunteer and participate in various competitions & activities and enhance their skills including organizing and management skills.

I wish success to all the students awaiting results in this month.

I solicit inputs, feedback and suggestions from all of you to continue this journey of growing together!

Thank you,



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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Republic day Celebration

Chapter of ICSI has celebrated the Republic Day in Chapter Premises on 26th January 2020. CS Bhansali M C., Past Chairman hoisted the national flag and delivered the Republic Day address. CS Parvati K R., Chairperson welcomed the gathering. CS Harsha A., Secretary proposed the vote of thanks. Managing committee members, students and members of Mysuru Chapter were participated in the event.

Chapter organized one career awareness program during the month. The details are as follows

S No.	Date	College Name	No. of Participants
1	31.01.2020	Maharani Commerce & Management College	70



Recognition to PCS by CDSL

Addition of One More Feather to the Cap



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INTRODUCTION:

To promote Good Corporate Governance and develop high calibre professionals facilitating good Corporate Governance has always been the mission and vision of the Institute of Company Secretaries of India (ICSI). The Institute has always made constant efforts to increase the scope of the Company Secretaries in India in various fields and avenues. In this regard, it makes various representations amongst various statutory authorities in order to increase the scope and to open new avenues for the Company Secretaries.

In view of the aforesaid, ICSI had made representation to CDSL vide its letter dated August 14, 2019 requesting Central Depository Services (India) Limited (CDSL) to provide recognition of Practising Company Secretaries (PCS) to issue the Net Worth Certificate which

is to be submitted at the time of admitting securities in CDSL. The CDSL vide its letter dated December 17, 2019 in response to the request of the ICSI authorised the PCS to issue Net Worth Certificate in this regard.

Accordingly, the CDSL updated their website with the revised requirements to give effect to the above recognition. Earlier to this notification the Net Worth certificate were issued only by the Practising Chartered Accountant which can now be issued by a Practising Company Secretary also.

BACKGROUND:

In order to admit the securities of the Company with CDSL, the Company should first establish electronic connectivity with CDSL. The company may establish a direct in-house electronic connectivity with CDSL or can utilize the services of a Registrar and Transfer Agent (RTA) having electronic connectivity with CDSL.

The procedure under CDSL includes submission of various documents by the Companies to CDSL in order to admit its securities, wherein the requirement of submission of Net Worth Certificate issued by practicing Chartered Accountant/ practicing Company Secretary shall arise only in the following cases:

1. Admission of Equity & Preference Shares with CDSL;
2. Admission of Unlisted Public Limited and Private Limited Companies.

“The Central Depository Services (India) Limited (CDSL) vide its letter dated December 17, 2019 in response to the request of the ICSI, recognized and authorised the Practising Company Secretaries to issue Net-Worth Certificate which is to be submitted at the time of admitting securities in CDSL

PROCEDURE FOR ADMISSION OF EQUITY & PREFERENCE SHARES WITH CDSL:

The Company should submit the certified true copy (ies) of the following document(s) along with the payment to CDSL:

- Payment towards Processing & Annual Issuer Charges through NEFT/Demand draft favouring 'Central Depository Services (India) Limited'.
- Tri-partite (for franking and e-stamping / on stamp paper) or bi-partite (for franking and e-stamping / on stamp paper) agreement should be executed with CDSL in triplicates with one original and two copies of the original agreement with ORIGINAL SIGNATURES AND RUBBER STAMP on it. Stamp duty payable on agreements will be Rs.600/- if executed in the state of Maharashtra.
- Please do not mention the date on the agreement. The date of execution of agreement will be entered by CDSL, after obtaining necessary approvals for admitting the company. If the agreement is received with the date mentioned on it, same would be rejected and issuer, RTA has to execute new agreement.
- Master Creation Form (MCF)
- Soft & hard copy of security details in prescribed format (Equity /Warrant/ Preference Shares).
- Board Resolution for admission of securities with CDSL mentioning the details about authorized signatory(ies) and appointment of RTA, if any.
- Capital Confirmation/Listing Certificate(s)/In-principle Approval(s) of Listing, from the Stock Exchange(s) where the security is Listed/Proposed to be Listed - Applicable in case of Listed Company.
- Undertaking-cum-Indemnity (for franking / on stamp paper) should be submitted. Applicable in case of an Unlisted Companies. Stamp duty payable on Undertaking-cum-Indemnity will be Rs.500/- if executed in the state of Maharashtra. If executed in other states, stamp duty payable in the respective states will be applicable.
- Declaration from Issuer & RTA confirming Electronic and Physical Connectivity - Applicable and MANDATORY in case of Listed Company.
- Latest Reconciliation of Share Capital Audit Report - Applicable in case of Listed Company.
- Letter for freezing/unfreezing of securities - Applicable in case of Private Limited Company.
- Annual Report for the last financial year
- Net Worth Certificate from a practicing Chartered Accountant/ practicing Company Secretary (*format shall be as given on the website of CDSL, url: <https://www.cdslindia.com/issuer/issuer-joiningpro.html>*)
- Memorandum & Articles of Association along with Certificate of Incorporation.



ADMISSION OF UNLISTED PUBLIC LIMITED AND PRIVATE LIMITED COMPANIES:

- Reference Ministry of Corporate Affairs (MCA) notification dated 10th September, 2018:
- The company should submit the certified true copy(ies) of the following document(s) along with the payment to CDSL:

- Payment towards Application Processing Fee, Annual Custodial Charges & Security Deposit through NEFT/Demand draft favouring 'Central Depository Services (India) Limited'.
- Tri-partite (for franking and e-stamping / on stamp paper) or bi-partite (for franking and e-stamping / on stamp paper) and (In House RTA Declaration) agreement should be executed with CDSL in triplicates with one original and two copies of the original agreement with ORIGINAL SIGNATURES AND RUBBER STAMP on it. Stamp duty payable on agreements will be Rs.600/- if executed in the state of Maharashtra.
- Please do not mention the date on the agreement. The date of execution of agreement will be entered by CDSL, after obtaining necessary approvals for admitting the company. If the agreement is received with the date mentioned on it, same would be rejected and issuer, RTA has to execute new agreement.
- Master Creation Form (MCF)
- Soft & hard copy of security details in prescribed format (Equity).
- Board Resolution for admission of securities with CDSL mentioning the details about authorized signatory(ies) and appointment of RTA, if any.
- Certified copy of the Certificate of Incorporation and Certificate of Incorporation pursuant to change of name of company, if applicable.
- Undertaking on the letterhead of the company duly stamped and signed by the authorized signatory (For Private Companies).
- Undertaking on the letterhead of the company duly stamped and signed by the authorized signatory (For Unlisted Public Companies).
- Declaration for freezing / unfreezing of securities (applicable in case of Private Limited Company).
- Certified copy of PAS-3 and SH-7 filed with MCA for issue of securities or variation in face value of shares or reduction in capital after the last balance sheet date.
- Certified Copies of Memorandum and Articles of Association.
- Annual Report for the last financial year
- Net Worth Certificate from a practicing Chartered Accountant/ practicing Company Secretary (*format shall be as given on the website of CDSL, URL: <https://www.cdslindia.com/issuer/issuer-joiningpro.html>*)

CONTENTS OF NET WORTH CERTIFICATE:

The Net-Worth Certificate issued by practicing Chartered Accountant/ practicing Company Secretary shall be calculated as per the latest audited financial statement of the Company.

The certificate shall contain the sum of paid up capital and reserve and surplus deducting the amount of Intangible Assets. Further, the Book value per share shall be mentioned.

Board Committee Chairperson and their role at AGM – An Analysis



Chandan Mahapatra

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Section 96 of the Companies Act 2013, (“The Act”) which corresponds to Section 166 of the erstwhile Companies Act of 1956, which among other things requires every company other than a one-man company shall in each year hold in addition to other meetings, a general meeting as its Annual General Meeting (AGM).

Further the section requires that the notice calling the said meeting, should clearly mention that it is an AGM of the Company. Such meeting is required to be held within a period of nine months from the date of closing of the first financial year and subsequent AGM’s to be held within a period of six months, from the date of closing of the financial year.



1. Attendance of Board Committee Chairperson at AGM

Various statutory provisions contained under the Companies Act 2013 read with Companies (Meeting of Board and its Power) Rules 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India (ICSI) as approved by the Central Government under section 118(10) of the Act deals with matters related to attendance of Board Members and Board Committee Chairperson at the Annual General Meeting.

This article restricts itself to the following Board Committees-

- a. Audit Committee;
- b. Nomination and Remuneration Committee; and
- c. Stakeholders Relationship Committee

2. Audit Committee

Audit Committee is one of the most important Board Committee of a Company and an essential component in Corporate Governance. As per the Kumarmangalam Birla Committee Report of 1999 “Audit Committee is a vital tool of Corporate Governance, which endorses a hierarchy of sound accountability, credibility in financial reporting and promotes confidence of shareholders and investors.”

Section 177 of the Act read with Rule 6 of the Companies (Meeting of Board and its Powers) Rules 2014, mandates that the following class of companies shall constitute an Audit Committee-

1. Every listed Company;
2. All Public Companies with a paid-up capital of ten crore rupees or more;
3. All Public Companies having a turnover of one hundred crore rupees or more;
4. All Public Companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.

[The paid-up share capital or turnover or outstanding loans, or borrowings or debentures or deposits, as the case may be as existing on the date of the last audited financial statements shall be taken into account for the purposes of this rule]

Audit Committee its members and its Chairman role in AGM

Tabulation of the Audit Committee members and chairman's profile as provided under the various statues is as under:

Members of Audit Committee

Constitution of Audit Committee	Companies Act 2013	SEBI (LODR) 2015
	S.177(2)	R.18(1)
Minimum Number of Members	3 Directors	3 Directors
Strength of Independent Directors in Committee	Majority	2/3rd of Committee Members
Qualification	Majority of members to be financially literate with ability to read and understand the financial statement	All members to be financially literate

Chairperson of Audit Committee

Chairperson	Companies Act 2013	SEBI (LODR) 2015	Secretarial Standards (SS-2)
	S.177(2) & S.178(7)	R.18(1)(d)	Cl.4.1.1
Qualification	Ability to read and understand the financial statement	Shall be Financially literate	Nothing Prescribed
Class of Director	Nothing Prescribed	Independent Director	Nothing Prescribed
Attendance at AGM	Himself, or any other committee member authorised by him in this behalf	Shall be present at AGM to answer shareholder queries	Himself or any member authorised in this behalf by him

3. Nomination and Remuneration Committee

The main or Key purpose of the Nomination and Remuneration Committee is to assist the Board in ensuring that the Board and Executive Committee retain an appropriate structure, size and balance of skills to support the strategic objectives and values of the firm. And provide the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

Members of Nomination and Remuneration Committee

Constitution of Committee	Companies Act 2013	SEBI (LODR) 2015
	S.178(1)	R.19(1)
Minimum Number of Members	Not Less than 3 Non- Executive Directors	All Members shall be Non-Executive Directors
Strength of Independent Directors in Committee	Not less than one-half shall be independent directors	Atleast 50% of the directors shall be independent directors

Chairperson of Nomination and Remuneration Committee

Chairperson	Companies Act 2013	SEBI (LODR) 2015	Secretarial Standards (SS-2)
	S.178(1) & S.178(5)	R.19(2) & R.19(3)	Cl.4.1.1
Class of Director	Any member of the Committee, barring the Chairperson of the Company if he is on the Committee	Independent Director	Nothing Prescribed
Attendance at AGM	Himself, or any other committee member authorised by him in this behalf	May be present at AGM. However it shall be up to the Chairperson to decide who shall answer shareholder queries.	Himself or any member authorised in this behalf by him

4. Stakeholders Relationship Committee

Is required to be constituted only in case of Companies having more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year. The chief purpose of this committee is to look into the mechanism of redressal of grievances of such holders (securities or debt holders)

Members of Stakeholders Relationship Committee

Constitution of Committee	Companies Act 2013	SEBI (LODR) 2015
	S.178(5)	R.20(2) & (3)
Minimum Number of Members	To be decided by the Board	To be decided by the Board
Strength of Independent Directors in Committee	Nothing Prescribed	Nothing Prescribed

Chairperson of Stakeholders Relationship Committee

Chairperson	Companies Act 2013	SEBI (LODR) 2015	Secretarial Standards (SS-2)
	S.178(1) & S.178(5)	R.19(2) & R.19(3)	Cl.4.1.1
Class of Director	Non- Executive Director	Non-Executive Director	Nothing Prescribed
Attendance at AGM	Himself, or any other committee member authorised by him in this behalf	Nothing Prescribed	Himself or any member authorised in this behalf by him

5. Combined reading of the above provisions

Only for listed Companies the attendance of Chairperson of the Audit Committee is mandatory and in case of a public company (of specified categories), the attendance of committee chairperson is discretionary. The same is tabulated as under-

Chairperson	Listed Company	Public Companies (As Catagorised)
Audit Committee	Has to Attend	May Attend or Nominate some other member of the Committee to attend on his behalf
Nomination & Remuneration Committee	May Attend or Nominate some other committee member to attend on his behalf	
Stakeholders Relationship Committee		

6. Penal Provisions

The Companies Act 2013 lays down stiff penal consequences in case of violation of the provisions of Section 177 and 178 of the Act as under-

- a. Company to be punishable with fine which shall not be less than one lakh rupees, but which may extend to five lakh rupees and
- b. Every officer of the Company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees, but which may extend to one lakh rupees. Or with both.

7. Are the offences compoundable?

Since the offence/contravention includes both fine as well as imprisonment, the same is only compoundable with the permission of the Special Court as per Section 441(6) (a) of the Act.

These Special Courts are being established by the Government from May 2016 onwards as per Section 435 of the Act for the purposes of providing speedy trial of offences under this Act.

8. Analysis

The first question which comes to mind is- How can a Company enforce and ensure a director's attendance at an Annual General Meeting?

The second question which seeks an answer is can a director (Committee Chairperson) be asked to authorize some other member of the committee to attend the AGM on his behalf, in case he decides to not so authorize or the other members are not consenting to the same, what would be the situation then?

The Third pertinent question- for the actions of a director how can the Company/ other officers of the Company be held in default?

The fourth question is who is the Officer in Default in this case?

8.1. Enforcing director's attendance by Board (Section 179)

- The Board does not have any statutory leverage to ensure attendance of directors at the AGM of the Company.
- Further the director is appointed by the shareholders in general meeting. The shareholders may by ordinary resolution remove a director, other than a Section 242 director before his expiry of the period of office after giving him a reasonable opportunity of being heard (Section 169). It is not clear if non-attendance at AGM can be sited as a ground for removal.
- Power of Board as provided under Section 179 of the Act does not include power to remove board members as this would transgress into the domain of the shareholder powers.

8.2. Duties and Responsibilities and vacation of office by a Director (Section 166 & Section 167)

- Section 166 of the Act which deals with duties of a director and provides that a director shall act in accordance with the Company's articles. Attending AGM's of the Company are not covered under the Section.
- Section 167 which deals with vacation of office of director only deals with absence from board meeting under sub clause (1) (b) of the section. AGM find no mention in this section as well.
- Section 149(8) read with Schedule IV (Code for Independent Directors) which deals with duties of Independent directors, under Clause III (Duties of Schedule IV, the relevant portion is extracted below-
“..... (5) *Strive to attend the Annual General Meeting of the Company...*”
Hence from the wording it is clear that it is not mandatory but only discretionary.

8.3. Officer's in Default

Section 2(60) of the Act lists down the list of officers who would be deemed to be in default as under-

1. The working directors (viz. Managing Director, Whole-time Director);
2. KMP's (CEO, CFO, Company Secretary);
3. If no KMP's such director or director specified as "OID" by the Board if not, then the Board collectively;
4. any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorizes, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;
5. any person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;
6. every director, in respect of a contravention of any of the provisions of this Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance;
7. in respect of the issue or transfer of any shares of a company, the share transfer agents, registrars and merchant bankers to the issue or transfer;

9. Author's Views

Conflicting position under Companies Act 2013 and LODR 2015- Catch 29 situation for a Listed Company.

- Attending of AGM's is not mandatory for the directors of the Company under the Companies Act 2013 and only attendance of Audit Committee Chairman under SEBI (LODR) and with no option to delegate. So, there is a conflict in both these provisions.
- For a listed Company
 - if the Audit Committee Chairman is unable to attend due to reasons beyond his control and authorize some other member of the committee to represent him at the AGM it would be violate of Regulations 18(1)(d) of LODR 2015.
 - Similarly, if the Stakeholders Relationship/ Nomination & Remuneration Committee Chairman does not attend the AGM and nor does he authorize some one of his behalf it would play fowl of Section 178(7) of the Act.

Section 178(7) an isolated and standalone provision

- It seems this Section has been worded without considering the other associated provisions which have substantial and direct bearing, especially Sections 149(8), 166 and 167 of the Act.
- This has created an un-warranted friction and with very severe penal implications on certain officers of the Company and the Company itself, which has no statutory recourse to ensure compliance with the requirements of this section.

Enforcement through the Articles of the Company

- Taking a cue from Section 166(1) of the Act, wherein it is provided that , a director of a company shall act in accordance with the articles of the Company, could it be possible to have a clause in the articles which compels a director to attend the AGM or authorize someone else to attend on his behalf?
 - It may not stand scrutiny for the simple reason that articles and duties of director is subservient to the provisions of the Act and the articles cannot override the Act? Especially when the act does not cast a mandatory duty on a director to attend the AGM of the Company?
 - Even if we assume that the articles can have such a clause-
 - Can a director be compelled to give authorization to another director to act on his behalf at the AGM?
 - What if no director is willing to act on behalf of the committee chairperson?
 - The third scenario could be that, the all the committee directors do not attend the AGM and hence authorization can't be given.
 - The authority holder fails to attend the AGM,
Unwilling the Company and its officers would be opening themselves to pecuniary as well as penal consequences for no fault of theirs.

Re-look at Section 178(8) on the penal consequences.

- Considering the above and the severe consequences as laid down under section 178(8) it may be time to-
 - Re-look at the penal consequences and suitably dilute the same or completely do away with.
 - Or the same could be suitably made a part of either Section 166 or 167 and Schedule VI.
 - Penalizing the Company or Officers of the Company, in this situation does not seem to be appropriate, and if any strictures need to be passed, it has to be against the director concerned.
 - Lastly there is a need to harmonize LODR to bring it in sync with the Companies Act 2013 due to a peculiar situation which may arise as enumerated in point above.



Green finance

What it is and Why it is growing?



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The perspective

A silent revolution is taking place, one which we cannot ignore. Climate change has been thrust into the foreground of the public consciousness and institutional investors are under pressure to act. Clearly, tackling climate change has become a necessity. The financial sector must develop approaches and instruments in order to make environmental finance a mainstream priority. An uninhibited expansion of human activities and unrestricted development has wreaked havoc on the environment. The recent climate imbalance the world over and alarming levels of pollution is a warning about the bleak future that awaits us. In such a scenario, in order to mitigate the harmful effects of unsustainable development on the environment and to create eco-friendly models of development, Green finance—investments that have a positive impact on environment or reduce the risk of climate change—is the need of the moment.

What is Green Finance?

Green finance” is a broad term with multiple definitions and is used interchangeably with “sustainable finance” and “climate finance” depending on context.

The G20 uses the term “Green Finance” as a broad umbrella term that refers to the major shift in financial flows required to support projects that benefit the environment and society by reducing pollution or tackling climate change. Green finance refers to financial investment in environmentally responsible businesses, projects and industries. Green finance seeks to preserve the ecological integrity by encouraging green technology, boosting efficiency, sustainability and curtailing carbon footprints. Green finance generally refers to the process of taking due account of environmental and social considerations when

making investment decisions, leading to increased investment in longer-term and sustainable activities. Green Finance is a market-based investing or lending program that factors environmental impact into risk assessment, or utilizing environmental incentives to drive business decisions. Green finance is a strategy for financial sector and broader sustainable development that is relevant around the world.

Green finance comprises:

- The financing of public and private green investments (including preparatory and capital costs) in environmental goods and services (such as water management or protection of biodiversity and landscapes), prevention, minimization and compensation of damages to the environment and to the climate (such as energy efficiency or dams)
- The financing of public policies (including operational costs) that encourage the implementation of environmental and environmental-damage mitigation or adaptation projects and initiatives (for example feed-in-tariffs for renewable energies)
- Components of the financial system that deal specifically with green investments, such as the Green Climate Fund or financial instruments for green investments (e.g. green bonds and structured green funds), including their specific legal, economic and institutional framework conditions

Why Green finance is growing?

They say money makes the world go around. But when it comes to saving the planet, does it really all come down to finance? From being a barrier to green business in the past, finance is now becoming a key driver, green finance involves engaging traditional capital markets in creating and distributing a range of financial products and services that deliver both investable returns and environmentally positive outcomes. This involves internalizing environmental externalities and adjusting risk perceptions in order to boost environmentally friendly investments and reduce environmentally harmful ones. Promoting green finance on a large and economically viable scale helps ensure that green investments are prioritized over business-as-usual investments that perpetuate unsustainable growth patterns. If we are to successfully transition to a green economy, it's going to cost and so naturally the issue of how we pay for the transition is a key topic at every level of the debate. From a global perspective, green financing is progressively being utilised as a catalyst in the transition towards a greener economy because it provides the necessary financial support for the development of green projects. The rapid growth of the green finance asset class bodes well for the environment and society in general. It provides an incentive for companies to invest in green initiatives. Green financing focuses more on the sustainability of the project being financed rather than of the issuer itself, but in the process, the proponents will gain access to cheaper and deeper pool of capital. Green finance is a growing phenomenon in the UK and internationally, with the global transition to a low-carbon economy estimated to require approximately \$1 trillion per year for the foreseeable future. This represents a very significant opportunity for the financial services sector: not only a commercial opportunity but also an opportunity for the sector to demonstrate its social purpose, by playing a key role in the transition to a low-carbon, sustainable world.

Green investments - desperately wanted

The demand for green investments is enormous, but supply is still comparatively small. This opens opportunities - if you know what matters. "We treat this world of ours as though we have a spare in the trunk." Jane Fonda was unfortunately correct with this statement. The good news is that awareness of the need to change course is growing rapidly. In 2015, 195 countries committed themselves to the Paris Climate Agreement to limit global warming to less than two degrees Celsius. This poses a challenge for companies and their banks, because climate protection targets can only be achieved with huge investments. Companies, countries and banks need financing for this. Good news is that more and more investors are viewing green forms of investment as important. According to various surveys, around two thirds are consciously looking for investment opportunities with positive social and ecological returns. This offers companies and other capital seekers such as countries and supranational enormous opportunities in financing. Green financing could receive further impetus from the legal and regulatory requirements that are currently under discussion. If we are to transition to a sustainable global economy, we need to scale up the financing of investments that provide environmental benefits, known as "green finance." Integrating the needs of the environment into investor decision-making will make capital more likely to flow to assets that are compatible with sustainability.

Green finance comprises

- The financing of public and private green investments (including preparatory and capital costs) in environmental goods and services (such as water management or protection of biodiversity and landscapes), prevention, minimization and compensation of damages to the environment and to the climate (such as energy efficiency or dams)
- The financing of public policies (including operational costs) that encourage the implementation of environmental and environmental-damage mitigation or adaptation projects and initiatives (for example feed-in-tariffs for renewable energies)
- Components of the financial system that deal specifically with green investments, such as the Green Climate Fund or financial instruments for green investments (e.g. green bonds and structured green funds), including their specific legal, economic and institutional framework conditions

Green Finance encompasses all the initiatives taken by private and public agents (e.g. businesses, banks, governments, international organizations, etc.) in developing, promoting, implementing and supporting projects with sustainable impacts through financial instruments.

In other words, Green Finance provides the financial tools required by active agents to increasingly generate activities with positive and durable externalities.

Some examples of Green Finance projects are but not limited to:

- The promotion of renewable energies, energy efficiency, water sanitation, environmental audits.
- The reduction of transportation and industrial pollution, climate change, deforestation, carbon footprint.
- Green Finance instruments
- Green finance covers a wide range of financial products and services, which can be broadly divided into banking, investment and insurance products. Examples of these include green bonds, green-tagged loans, green investment funds and climate risk insurance. The two main financial instruments in green finance are equity and debt.
- In the early stages of a project, equity financing is the main investment method used, and investors receive an ownership interest (stocks or shares) in the project in return for capital they invest.
- In later stages of a project, debt financing becomes the predominant investment method. Investors lend money to borrowers, and this money is repaid with interest.
- Debt financing can take two forms: loans and bonds. A loan is a transfer of money from a bank to a company or individual, whereas a bond is a transfer of money from the public or market to a company that issues the bond

Green finance transactions are essentially plain vanilla instruments with at least two key features added: (a) proceeds of the transaction are used exclusively for green projects, and (b) the green element is usually subjected to independent third-party review and certification. Investors in plain vanilla financing instruments can also invest in green financing; dedicated green investors will not normally invest in “non-green” plain vanilla transactions. Investors look to boost their green credentials by investing in the new asset class. That is why it is said that the green financing market is deeper and more liquid than the plain vanilla financing market.

Sources of Green finance

Green finance mainly stems from the following sources:

- Local and national governments;
- Financial institutions that take on environmental responsibility and community development;
- Non-profit foundations with an environmental mission;
- Green grants offered by the business sector, and;
- Individual investors

Imperatives to promote green finance

Policies and capacity development: As is the case with all policies, administrative simplicity in developing countries is a must. In addition, there must be significant efforts to educate the public. For example, green bonds benefit from using well-known and proven mechanisms, but investors may need help in understanding the definition of green projects. In these efforts, governments can look for opportunities to build capacity. There are growing knowledge-based capacity building platforms, such

as the Sustainable Banking Network, the UN-backed Principles for Responsible Investment, and the Green Bond Principles, and efforts among multilateral development banks to harmonize impact-reporting metrics

Disclosure: One important pre-condition to boost green finance is to improve disclosure. Good disclosure allows financial investors to understand risk properly and to price for that risk. Improving disclosure programs, perhaps by making them mandatory, is essential if decisions are going to be taken on a properly informed basis.

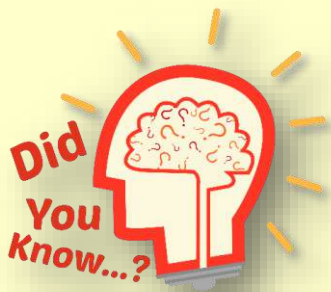
The green agenda

Indian firms are among the leading issuers of green bonds, raising about £5 billion, but the momentum is slowing down. Some steps have been taken—green bond guidelines by the SEBI and launch of a separate platform for issuing green bonds—but many more are needed. Corporates are often deterred by high transaction costs, taxes and stamp duties in India. The development of green financing faces many challenges including false compliance claims, non-standard definitions of what constitutes green loans, and maturity mismatches between long-term green investment and relatively short-term interests of investors. Deepening of corporate bond market, standardisation of green investment terminology, consistent corporate reporting, and removing information asymmetry between investors and recipients can make a significant contribution in addressing some of the shortcomings of the green finance market. Integrating the needs of the environment into investor decision-making will make capital more likely to flow to assets that are compatible with sustainability.



Conclusion

Green finance is the financing of investment that encourage the development of a more sustainable economy. It refers to any financial initiative, process, product or service that is either designed to protect the natural environment or to manage how the environment impacts finance and investment. Green finance is a strategic approach to incorporate the financial sector in the transformation process towards low-carbon and resource-efficient economies, and in the context of adaptation to climate change. It is good to “go green” but it also involves investment and extensive transformation in business as usual. The temptation to greenwash may rise. It is important to ensure governance in labelling and verification process to avoid such an eventuality. as there is no second earth in the trunk, sustainable action is absolutely necessary. For developing economies like India, the challenge is to get green finance into mainstream finance along with incorporating environmental impact into commercial lending decisions. This must be done while maintaining a balance between economic growth and social development. Mobilization of huge financial resources towards climate sustainable future is only one part of the challenge. Channelization of these funds to the emerging climate positive sectors and deployment of funds on time is crucial. A collaborative effort is needed to unleash the full potential of the new economy leading to a more sustainable and green development. The financial system needs to serve as the nervous system of the global economy rather than its master.



India has the largest postal network in the world with 1,54,939 post offices as on March 31, 2015. India has the largest postal network in the world with 1,54,939 post offices as on March 31, 2015, of which 1,39,222 (89.86%) are in the rural areas. At the time of independence there were 23,344 post offices.



Solved cases of Supreme Courts & NCLAT

The iconic Tata conglomerate is not only among the largest corporate groups in India but also has a large presence in all the key sectors of our economy. The ascension to the helm of this corporate behemoth is as keenly watched as appointment to key political posts. Hence it was front page news when the NCLAT, in a fresh twist to this saga, held that Cyrus Mistry be reinstated as chairman of the holding company, Tata Sons Limited.

The latest leg of the story began on 24th October 2016 when Cyrus Mistry was removed by the board from his position as executive chairman of Tata Sons Limited, a few months before the completion of his term. Mr. Mistry challenged this act of removal by way of an application before the National Company Law Tribunal under Section 241-242 of the Companies Act, 2013 alleging acts of oppression by the majority shareholders, i.e., the Tata Group.

The Mistry Group, represented by Cyrus Investments Pvt. Ltd. claimed that they had invested approximately Rs. 1,00,000 Crores out of the approximately 6,00,000 Crores equity in the company. This was a claim aimed at getting over one of the preliminary objections to filing of the claim.

The Mistry group alleged that there had been a breakdown of trust between the Tata group and the Shapoorji Pallonji group as a result of the removal of Cyrus Mistry from the board. Tata Groups overwhelming and dominating presence was being balanced by participation from the Shapoorji Pallonji Group but this was not possible anymore. They also contended that Cyrus Mistry had been appointed after a professional process but had been removed because he

- I. he tried to correct past instances of mismanagement which were a cause of embarrassment,
- II. resisted the interference of Ratan Tata and N.A. Soonawala, and
- III. instituted a governance framework which would curb the scope of mismanagement and interference

Further, they contended that Ratan Tata and Soonawala sought pre-approvals on decisions - undermining the BoD, and in contravention of the retirement policy and that attempts were made to convert Tata Sons to a Pvt Ltd co. in a bid to reduce scrutiny in its functioning in a surreptitious and illegal manner. Based on such a narrative and seeking a waiver of the 10% shareholding requirement, Cyrus Investments Pvt. Ltd. moved the NCLT alleging prejudicial and oppressive acts by the majority shareholders. The NCLT dismissed the application and the waiver application.

However, upon appeal to the NCLAT, in September 2017, the waiver was accepted and the question of prejudicial and oppressive actions was remanded to the tribunal. The NCLT once again dismissed the Application while also passing strictures against the Mistry group. Once again upon appeal, the NCLAT considered the appeal afresh. At this stage in response to the allegations of the Shapoorji Pallonji Mistry group, the Tata Group contended that Cyrus Mistry was an underperformer. They further contended that removal of a director cannot be the subject matter of an action seeking remedy for oppression and that Mistry's removal was not illegal but was a change of guard that was initiated by the

majority shareholders on account of various lapses on his part such as the acquisition of Welspun by Tata Power. The NCLAT considered the articles of association of Tata Sons Limited and noted the preeminent position given to Tata Trusts in the articles. The NCLAT also noted that the allegations against Cyrus Mistry were unfounded and the absence of a governance framework is what led Cyrus Mistry to bring into place a governance framework. NCLAT also noted that the company had performed well under Mistry.

On the basis that the entire action of the majority group was a arbitrary and unreasoned action, the NCLAT set aside the Board Resolution of 24th October 2016 as being illegal and also set aside the consequential decisions. Notably, the NCLAT also reinstated Cyrus Mistry as the Executive Chairman of Tata Sons Ltd. though the effect of the order was deferred by four weeks. This order was later stayed by the Supreme Court on 17th of January. However, the questions it throws open, regarding the level of interference of the courts in the affairs of the company are open for all to see. While a final determination by the Supreme Court is awaited, the dispute is more of a nature that ought to be resolved by mediation or settlement between the parties and the Supreme Court has also noted the same.



To meet the stakeholders' expectations and to further enhance the quality of future members is the prime objective of the Vision New ICSI 2022. The Company Secretaries (Amendment) Regulations, 2020 require introduction of CS Executive Entrance Test (CSEET) in place of the Foundation Programme. With the introduction of CSEET from February 3, 2020, new registration to the Foundation Programme has ceased to exist w.e.f. February 3, 2020, CSEET is the only qualifying entrance test for registration to the CS Executive Programme

The students appearing in CSEET will be examined under the following subjects:

- (i) Paper 1 : Business Communication (50 marks)
- (ii) Paper 2 : Legal Aptitude and Logical Reasoning (50 marks)
- (iii) Paper 3 : Economic and Business Environment (50 marks)
- (iv) Paper 4 : Current Affairs, Presentation and Communication Skills (Viva Voce) (50 marks)

Exemptions:-

1. Candidates who have passed CS Foundation Programme are exempted from CSEET without any payment of exemption fee.
2. Candidates who have passed the Final Examination of The Institute of Chartered Accountants of India (ICAI) and/or The Institute of Cost Accountants of India (ICMAI) are exempted from CSEET and shall pay `5,000 (Rupees Five Thousand Only) towards



Mr. A an individual has been registered under GST voluntarily though his Turnover doesn't exceed the specified limit for Registration under Section 22 of CGST Act, 2017. Confirm whether Mr.A can opt out of registration voluntarily if required with relevant provisions



Opinion to Last Month's Brainy Bits

M/s ABC Ltd., got printed New Year Diary having its company logo and the list of products dealt by the company. Such diaries are given to their stockist and customer conveying New Year Wishes. M/s ABC Ltd., has spent Rs.20lakhs plus GST applicable @18%. Examine whether ITC can be claimed on such expense

Facts of the case:

- M/s ABC Ltd., (hereinafter referred as Registered Person) is registered under GST in the state of Karnataka
- Registered person is in to supply of electrical goods through their authorised stockists
- Registered person has published a Diary with the list of goods dealt by them and their company logo
- The above diary is intended to be given as a gift to their stockist
- There exists no sine-qua-non between the registered person and their stockists for such diary distribution for distribution of diary as gift and further usage thereof

Legal Provision:

- Section 16 - eligibility and conditions for taking Input tax credit
- Section 17(5) - Apportionment of credit and blocked credits
- (h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and

Conclusion:

The registered person shall be eligible for availment of input tax credit for the Diary which got printed as per Section 16 which are used or intended to be used in the course or furtherance of his business. However, all such credits have an overriding effect when provisions of Section 17 are applicable. The registered person is going to give away the Diary as "Gift" to the stockists and accordingly ITC is ineligible for the above Diary purchased under Section 17 of CGST Act, 2017

- Exports dip 1.66 per cent in January
- CBDT notifies forms for firms to avail lower corporate taxes
- Banks, PEs and NBFCs line up for DHFL's retail book
- Thales to expand presence in India, says France supports company's resolve to share critical technology
- India on its mind, Microsoft to house a cloud unit within big IT companies

Airtel to pay AGR dues of Rs 10,000 cr by Feb 20, balance by March 17

Bharti Airtel will pay an initial deposit of AGR dues of Rs 10,000 crore by 20 February to the government and will pay the balance amount by the next scheduled date of hearing in SC-March 17. Airtel has statutory dues of over Rs 35,000 crore to pay the government.

K'taka HC stays CCI probe order against Amazon, Flipkart

The Karnataka High Court has stayed the probe order against Amazon and Flipkart on the grounds that the Competition Commission of India (CCI) did not hear the parties before passing the order.

With profitability in mind, Renault plans slew of initiatives in India

French auto major Renault is planning a slew of measures, including introduction of new models and expansion of sales network in rural areas, to ramp up operations in India and move towards a profitable business set up in the country.

FPIs looking to move shops to Singapore to escape high taxes after budget proposal

Foreign portfolio investors (FPIs) from Mauritius and the Cayman Islands are looking to restructure their pooling vehicles and registering new entities in Singapore to hold Indian stocks, after New Delhi proposed to change the rule to tax indirect transfer of shares.

Living Room...

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Satisfaction - an endless inclination!

Hash!!! Me to ab santusth hoke ganga nahaunga!! This kind of words you will always hear from a person whose long-awaited desire gets fulfilled. Here, we would like to incline you towards satisfaction. Satisfaction is a pleasant feeling that you get when you receive something you wanted, or when you have done something you wanted to do. It is an act of fulfilling a need or wish. It can even be a state of mind. In other words, Satisfaction pertains to sense of fulfilment of desire or expectations.

Importance of Satisfaction - Self-satisfaction is immeasurable. Many people have great success stories. But still they are not satisfied with their achievements. Why so? Because their desires are too vast or almost endless. You can't have a peace of mind without attaining self-satisfaction. Satisfaction is important because it helps us developing faith in ourselves. If we don't learn to admire our own achievements, we'll never be satisfied. We feel like we are falling behind, which ultimately lead to depression. Therefore, Life Satisfaction is the central aspects of human welfare. These are the ultimate goals every human being should strive to achieve throughout the life.

Does satisfaction have any level? - Surprised??!! Prima facie, satisfaction does not have any level but if you dig it more, then you will come to know that there's always a level of satisfaction but which may vary from person to person corresponding with their urgency and importance of needs or desire.

Does satisfaction have any kinds? - Yes, satisfaction also have kinds - positive or negative, long-term or short-term. To fetch good marks in internal exam for students is a short-term kind of satisfaction and to get good career in relevant filed can fall under long term satisfaction.

Is satisfaction person specific? - Well, we generally assume that satisfaction is person specific but it has general propensity too. Like being a good businessman is always general satisfaction for most of the entrepreneur but to become businessman like Tata or Ambani is person specific.

Is satisfaction an ultimate? - Some of the reader might agree with us that yes at certain extent it is conclusive; but in reality satisfaction is endless, it's like depiction of water in dessert.

At conclusion, only one thing is confirm ing that if one wants to achieve utmost satisfaction in life, then one can get it only after becoming a saint and that too of not sure whether you will get it or not.

Disclaimer: The entire content of this document is author's own understanding & personal view. This is only a knowledge sharing initiative and authors do not intend to solicit any business or profession.



Is Someone Watching you??

Have you ever wondered how some sites shows exact ads which you were searching for, have you observed that how some sites know about your interest in something? Here is how.

Every search that we make in search engines like Google, Yahoo, or safari the information which we were searching will be stored in cache, cookies or site data, later when we go to the same site or other site, will ask for the permission to use those cookies or caches to show the ads in which we were interested. This is because of the algorithms the sites are using to manipulate us to see their ads in which we are particularly interested. This is unsafe because when we use the internet for banking purpose or to send some sensitive information there are more chances that our data can be leaked. Now, Cookies are something different. Let us assume that we are searching for a white shoe in internet to purchase and those information will be stored in the form of cookies, when we go to other sites if that site uses cookies to show ads it will give a popup saying that this site uses cookies to show the personalized ads and we will simply give the permission to these sites without caring much. That's how we get the ads of the same white shoes which we were searching for.

In this modern technological world, we need to take care of our privacy as much as possible. Now a days there is a very minimum chances that our data are safe and secure. We may think that how could this be possible, but it is true that every time we search something in internet or every time we login without the email id our activities are tracked down. Let us see one example. If we open a Google account, login in a browser then go to my activities we will see each and every thing which we did when we were logged in and if the mobile location is turned on then go to Google maps and there you can see the places visited recently. These are the things that is very creepy because someone is always watching us.

Here are some steps to stay safe:

- I. Clear caches, cookies and site data once the work is done and log out from the browser, and close the browser.
- II. If browser support incognito mode, use that for safe browsing where it does not collect any caches or cookies.
- III. Stop giving permissions to browsers or apps blindly. Why does a music player app needs permission to access contacts or microphone? Think about the app and then give permissions.
- IV. Don't let the browser to save passwords. In Google chrome there is a feature called password manager. Why do we need such a kind of feature and whole purpose of the password is lost. We might think that this is time saving but with this we are compromising our privacy.
- V. At last you can use DUCK DUCK GO browser this is a kind of browser which takes privacy into a new level. This blocks all kinds of ads and gives every site a grading. A grade sites are best which does not record or store any personal details and D grade sites are those sites which records personal information. This browser blocks all kinds of malicious activities and gives the freedom to browse safely. Actually, DUCK DUCK GO also have extension files to Google chrome or Internet Explorer which can be installed easily.



Companies Act, 2013

Updates on Amended Rules

MCA has amended Companies (Accounts) rules, 2014, which is to be known as Companies (Accounts) amendment rules, 2020.

In the Companies (Accounts) Rules, 2014, in rule 12, after sub-rule (1), The following Sub-rule shall be inserted,

“(1A) Every Non-Banking Financial Company (NBFC) that is required to comply with Indian Accounting Standards (Ind AS) shall file the financial statements with Registrar together with Form AOC-4 NBFC (Ind AS) and the consolidated financial statement, if any, with Form AOC-4 CFS NBFC (Ind AS).”

MCA has also introduced the format of Forms AOC-4 NBFC (Ind AS) and AOC-4 CFS NBFC (Ind AS)

Companies (Accounts) amendment rules, 2020, dated 31st day of January 2020.

MCA has amended Companies (Compromises, Arrangements and Amalgamations) Rules, 2016,

which is to be known as Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2020.

In the Principal Rules, in rule 3, after Sub-rule (4), the following Sub-rules shall be inserted,

“(5) A member of the company shall make an application for arrangement, for the purpose of takeover offer in terms of sub-section (11) of section 230, when such member along with any other member holds not less than three-fourths of the shares in the company, and such application has been filed for acquiring any part of the remaining shares of the company.

In other words, a member holding at least three-fourths of the shares in the company, along with any other member, is eligible to file an application for takeover arrangement.

An application of arrangement for takeover offer shall contain:

The report of a registered valuer disclosing the details of the valuation of the shares proposed to be acquired by the member

Details of a bank account, to be opened separately, by the member wherein a sum of amount not Less than one-half of total consideration of the takeover offer is deposited.”

Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2020, dated 6th day of February 2020.

NCLT Amendment Rules, 2020, dated 4th day of February 2020.

MCA has amended National Company Law Tribunal Rules, 2016, which is to be known as National Company Law Tribunal (Amendment) Rules, 2020.

In the Principal Rules, after rule 80, the following rule shall be inserted,

"80A. Application under section 230. - An application under sub_ section (12) of section 230 may be made in Form NCLT-1 and shall be - accompanied with such documents as are mentioned in Annexure B."

The following documents are required to be submitted along with the Form NCLT-1

Application in cases of takeover offer of companies which are not listed.

1. Affidavit verifying the petition.
2. Memorandum of appearance with copy of the Board's Resolution or the executed vakalatnama, as the case may be.
3. Documents in support of the grievance against the takeover.
4. Any other relevant document.



The Bad thing about time is Time Flies,
The good thing is you are Pilot.
So take control of your Time .