



SIRC MYSURU CHAPTER

e-Magazine

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216th Edition



Vision

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

Motto

सत्यं वद। धर्मं चर। *Speak the truth, abide by the law.*

Mission

"To develop high calibre professionals facilitating good corporate governance"



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CS A HARSHA
CHAIRPERSON
MYSURU CHAPTER

Dear Professional Colleagues,

Women's Day Greetings to all the women in our institute - students and members of all teams for making your presence felt and making this place brighter. This was the spirit we observed when eight of us went to Bangalore for the "First CS Women's Conference" on March 12th, to celebrate "She Shakti". All the women members were invited to Bangalore for this conference, and we had a great time bonding with each other. Interacting and being felicitated by the chief guest Dr. Tejaswini Ananthkumar was indeed an honour and one of the best moments. It was a perfect "Time well spent" experience for all of us from Mysore, and we all decided to have such a programme every year.

On March 19th & 20th, we organized a 2-day seminar, which was an offline (physical) session after a long gap, on the topic "Latest Amendments, Compliance and Governance" at Mysore, which was a grand one with the students' and members' participation. I sincerely thank our chief guest Dr. Chandragupta IPS, Commissioner of Police, Mysore, CS Devendra Deshpande, President, the ICSI, and our guest of honour, CS Nagendra Rao, Immediate Past President, of the ICSI, for taking time off from their busy schedules to attend this programme. I also thank all those who took part in this session. There was a small celebration of Women's Day at the Chapter on March 20th, with fun-filled games and a great level of enthusiasm shown by all the women members. The next in our bucket of programs was to begin a Students Study Circle to help give more clarity on any topics that the students felt were difficult, taken by experts for their benefit for the upcoming exams that are fast approaching in June. For this reason an interaction meeting was scheduled on April 1st, with the Chairman and the Students Managing Committee Chairman it was decided that there would be a Students Study Circle meeting once every 15 days. I thereby, request the students to take full advantage of these sessions and excel in their exams

This brings us to the end of an active month of March and a new beginning in April. We are constantly working for the betterment of the members and students of our institute. Looking forward to your participation in the various programmes organized for your benefit.

Thank you



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)

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Chapter Activities

Career Awareness Program

Chapter organized two Career Awareness Program during the month. The details are as follows.

S. No	Date	College Name	Resource Person	No of Students
1	04.03.2022	Navkis Education Centre	CS Harsha A	70
2	11.03.2022	Akkamahadevi Women's University, Mandya Campus	CS Vijaya Rao	80



Joint Webinar with ICSI Mangaluru Chapter



Chapter in association with ICSI Mangaluru Chapter organized a webinar in the topic Corporate Governance – Awareness, Accountability & Implementation on 3rd March, 2022. CS Amita Desai, Practicing Company Secretary, Mumbai was the speaker for the session. In her address, she explained in detail on the need of Corporate Governance on the present corporate trend. CS Harsha A, Chairperson welcomed the gathering. CS Parvati K R., Past Chairperson introduced the speaker. CS Akshay R Shet, Chairman-Mangaluru Chapter proposed the vote of thanks. Around 25 Members participated in the session.

Two Day Seminar on Latest Amendments, Compliance & Governance

Chapter organized a two days' seminar on 19th & 20th March, 2022 in the topic "Latest Amendments, Compliance & Governance". Commissioner of Police-Mysuru City Dr. Chandragupta, IPS, was the chief guest, CS Nagendra D Rao, Immediate Past President, The ICSI was the guest of honor and ICSI President CS Devendra V Deshpande presided the inaugural of the two days' function at the Rio Meridian Hotel. The students participated in the Yuvotsav 2022 has been felicitated during the occasion. Immediate past Chairman of SIRC CS N Balasubramanian also participated. The Seminar covered the following topics. Schedule III – What a CS Should Know? by CS Dattatri H M., & CS Padmavathi K., Discussion on LLP Amendment Act, 2021 and Report on CSR by CS Divesh Goyal, Bird's Eye View on Recent Adjudication Orders by CS Pracheta M., Contemporary Issues in Companies Act by CS Abhishek Bharadwaj A. B., & session on well-balanced Diet by Dt. Gangam Nanaiah. CS Harsha A., Chairperson Welcomes the gathering & CS Padmanabha V., Secretary proposed the vote of thanks. Around 55 members & students participated in the event.



Press Conference by President-ICSI



A press conference has been organized by the chapter on 19.03.2022 at Hotel Rio Meridian, Mysuru. CS Devendra V Deshpande, President, ICSI & CS Nagendra D Rao, Immediate Past President, ICSI addressed the press & explained the initiatives taken by the ICSI for the benefits of Members & Students. Immediate past Chairman of SIRC CS N Balasubramanian also participated. Around 20 media persons from various newspaper & television participated.

Interaction with Members & Students

As a part of Mysuru visit CS Devendra V Deshpande, President-ICSI, interacted with the Students & Members of the Institute. During the interaction he addressed the various queries raised by the Members & Students. Also he noted the various suggestions given by the members for the benefit of the Institute. Around 50 members & students participated in the session.



Picture Wall



Over a Cup of Coffee with CS JAYAN K

Abridged and Edited



CS. Jayan K., a fellow member of the ICSI, holds Certificate in Dispute Resolution from Indian Institute of Arbitration and Mediation (IIAM); one of the founding partners of SVJS & Associates, which won the 1st ever Best PCS award of the Institute; Former Chairman of the Kochi Chapter of ICSI, Chief Financial Consultant, Attakkalari Public Charitable Trust of Contemporary Performing Arts, an international NGO etc.

CS Pracheta: Sir, Congratulations on being awarded as the Best PCS firm. What according to you differentiates you from other PCS firms?

CS Jayan: Honestly, we are not fully aware of various practices of other PCS Firms, though we have some ideas how it might be in general. So, it won't be ethical to say that we are totally different from others in all respects. However, I could say what all unique practices SVJS has been adopting and following over years.

When we started the idea of setting up a CS Firm based in Kochi, we categorically decided that it must be a Democratic space in every sense of it. We were never into the idea of one person leading it with others revolving around him. Our focus was creating a participatory space which would be able to think and act for itself in the most vibrant way. The system must be able to stand and settle for itself.

We thus adopted "positive reciprocity" as our philosophy and have been trying to imbibe that culture in all our thoughts and actions. At SVJS, everyone has the liberty to suggest anything towards the improvement of the platform. We support each other irrespective of the positions, qualifications and talent. It is a space with lot of respect for all.

We also believe that the most fascinating partnership is a partnership between unequals. It will be challenging, yet exciting. We are very clear on the fact that leadership is never a destination. It is only a journey to create more leaders.

CS Shobha: "Individually, we are one drop. Together, we are an ocean" The institute recognizes the firm which promotes good corporate governance, and which can project itself as the future leader in Corporate Governance. How can a PCS firm promote good corporate governance? What are the activities done by your firm in this regard?

“

-Teamwork is the ability to work together toward a common vision. Each of us should try and bring in this component in our organizations. The ability to direct individual accomplishments toward organizational objectives - is the fuel that allows common people to attain uncommon results.”

CS Jayan: We strongly believe that PCS firms are the best catalysts to promote corporate governance. As we all know the focus has already been shifted from mere compliance to better governance. Governance need not be always visible. And it is a challenge to realize the need for invisible governance and take steps to implement that. We work very intensively with our clients anchoring on our philosophy - positive reciprocity.

One of the strongest ways of promoting good governance from the perspective of a PCS Firm is to ensure promptness, accountability, process and mutual respect. We believe that the language, the way we operate, the thought process etc must be different for clients of different generations and sectors. We have been spending lot of time on this. Our team members are confident to deal with a large corporate as well as a start up in the most suitable way. This is not an easy process when you think about a PCS Firm with 40 plus members. We have not still reached the level we aim to reach.

Having effective communications, keeping the word, admitting your errors, alarming on time all these are very powerful tools through which you slowly communicate the importance of governance to your clients. There is no point when we talk to them on compliance and governance, when our own attitude and actions appear to be non-compliant, less transparent, discouraging and so on.

CS Pracheta: *Going down the memory lane, who / what inspired you to pursue CS as your career? Please share your CS journey.*

CS Jayan: I was born in a very remote village of Palakkad District of Kerala. Children of my age and time were not having much opportunities at that time. I was only an average student. My passion was either to be a teacher in Malayalam or a theatre artist. Well, those were not accepted as something one could pursue to build his career.

I was advised to pursue CA when I got a first class in B.Com. Unfortunately, my family conditions were not suitable to afford to a three-year articleship in a city. I thus decided to opt a job with my commerce graduation. My Parents did agree to that and blessed me to move on. My sister and brother-in-law took me to Coimbatore, and I got my first job as an accountant in an automobile shop. But the passion to learn something more was still there. I decided to join for some course that was economical along with the job.

Accidentally, I read an article in Malayalam written by CS Sivadasan sir who was the then SIRC Chairman. The article was published in *Thozhilvartha*, the career fortnightly of *Mathrubhoomi*. That was my first turning point. He was projecting CS as the most economical course. I decided to join and I did it. Sivadasan sir is no more as we lost him recently. I prostrate before his memories as he changed many lives like mine.

Though I did the registration I could not manage studies alone. That made me a bit frustrated. Two years have elapsed and I could not even send the assignments to the Institute. I had visited Coimbatore chapter but the oral coaching was not so active at that time. Even otherwise it was not possible for me to manage along with my employment.

For two years I could not even meet a CS in person. At some point, it came to my knowledge that there was a senior CS living in my home town. I went and met him. He was CS VGK Nair and that was my second turning point. He wanted me to resign the job, go to Kochi and continue my studies there. VGK Sir is also no more and my pranaams to him.

I had presented this before my family and convinced them. My employer in Coimbatore was Jacob Sir and he was so close to me. He wanted me to be with him for a long time but allowed me to pursue further studies as he had a lot of respect towards education. I still have connections with him and let me thank him for everything he had done.

Then my Kochi episode started. It was totally a new world to me. New friends, chapter, experienced CS faculty members though few in numbers, student activities and so on. I was deeply involved in all student activities and we organized the first All Kerala Conference of Student Company Secretaries in the year 1999. I was able to take my law graduation as inspired by my friends. However, I struggled a lot to get through CS exam for various reasons. The main reason was my multiple engagements to earn money to meet my daily expenses. I decided not to bother my family. Unfortunately, my family had some court cases and I had to handle them for years. All these affected my focus in studies. In Coimbatore, my sister and brother-in-law were supporting me, and I was able to manage my expenses with their support and my salary. But Kochi was different and I had to find sources for everything.

I keep very colorful memories with my friends of CS fraternity – Sreekumar, Lekha (who are the partners of SVJS), Balakrishnan, Balasubramanian (immediately past Chairman of SIRC), Sathish (son of Sivadasan sir), Binu Abraham, Manual, Rakesh Warriar, Sathyan, Jose Thomas, Pradeep, Susan Abraham, Sreekesh, Somy Jacob and so on. The list is not exclusive.

Through Balu (Balasubramanian) I was able to find my training space at the Travancore – Cochin Chemicals Limited where CS Vincent P.D. was the Company Secretary. I was trained under him and later he became one of our founding partners. He is now our Managing Partner at SVJS. Vincent sir influenced me a lot and supported me throughout. I used to share with him my thoughts of creating something than opting for an employment. He encouraged that and suggested taking over a private limited company to start consultancy services, slowly. The company was of two CAs and they were not interested to maintain it. Me and Sreekumar decided to take up that challenge. We became the shareholders and directors of that company and started providing consultancy services in a very limited way. The only hope was Vincent sir and his connections. I was having law degree by then.

We had approached few seniors and many had outsourced works like inspection of document at RoC office etc to us. Even at that time, we were particular to grow as a team and thus recruited people as our team members. We struggled to meet our operational expenses for quite some time but never ready to compromise. Slowly the company started its growing trend. And by the time we qualified, we were having a considerable number of clients and staff members. That journey was so exciting and it had given us a courage to face any challenges.

I had continued my engagements with the Kochi Chapter as a CS member. I was nominated to the Managing Committee, held some positions and in 2013 chaired the Chapter. We were able to hold the first state conference of Company Secretaries in 2009 under the able leadership of CS S.P. Kamath as our Chairman. I started taking classes at the Chapter immediately after my qualification and still continue that.

So, in short, Sivadasan sir, VGK sir and Vincent sir are the three seniors of our profession who were instrumental in my life to become a CS.

CS Shobha: Do you believe it is more challenging to be a PCS in comparison to our counterparts?

CS Jayan: Challenge is only a perspective. What I find challenging may not be so challenging for you. I must say, practicing gives you more space to perform. You have all opportunities to express yourself. Creation always has its own pain and that is the beauty of it. If you are willing to enjoy your pain of creating something, this is the best way!

CS Pracheta: We are curious to know that you have master's in science with specialization in Yoga. Can you please share more about it?

CS Jayan: Sure. From my childhood onwards I was very fond of ancient Indian wisdom. I used to read Indian philosophical texts. Apparently, philosophy and psychology are the two interesting subjects to me. I used to attend discourses of various masters of different schools of thoughts. In that process I did my masters in yoga. I still have the passion to learn more about it.

CS Shobha: We have heard that you speak on Mind conditioning? How did you develop interest in this? Could you share a few tips on the mind conditioning?

CS Jayan: Again, this is a subject both under psychology and philosophy, my areas of interest. Everything originates in the mind. Unfortunately, we never had the deserved importance given to understand our mind in our education system. It is not something to be learned as a specialization at a later stage. Everyone must get an opportunity to understand the functioning of the mind.

Conditioning is a quality of mind but need not be a favoring or positive quality all the time. Corporate professionals like CS are always subjected to this trap of mind getting conditioned. It is important that we realize it and manage it positively. For instance, when you deal with figures and cost control for a considerable time, your mind will tend to apply that logic of cost control everywhere. It may so appear that you even object insignificant things under the influence of this conditioning. It can also happen that when you are too much involved in compliance and process without this understanding, you tend to apply that in every other space where one doesn't actually need it. Your intervention can even upset the platform or situation. If you involve in positioned argument without an awareness of mind getting conditioned, you will tend to argue on everything. It goes like that.

So, first of all it is important to know this quality and specialty of the mind. Then be aware about the inner conditioning. Develop a testing system inside so that we apply it wherever required.

CS Pracheta: What according to you are the core values that have it shaped your outlook towards life and profession?

CS Jayan: There are many I gathered over years. One is involvement without vested interest. Remain trustworthy always. Never get too excited over something or concerned over something else. To me life it is just a continuous attempt towards fulfillment / perfection.

CS Shobha: You have a big team of CS and students. What attributes are required to keep each and every person in the team to be part of your vision and lead them?

CS Jayan: Institutionalization is an art and a science. Whatever you plan to do, it happens first in your mind as we discussed. And the rest happens in line with or as an outcome of that. So first and foremost, we need to be eligible to set up an organization that calls for a better inner space. Similarly, we need to have that space, attitude and strength to continuously improve our team and platform. At SVJS we have been trying to make our team members as the subscribers and ambassadors of our vision, philosophy and culture. We have been using many tools for this and still we try to bring more innovations. All these are participatory process. Once you have a clear inner space and set up a team and make them the subscribers of your philosophy and culture, the rest is automatic.

CS Pracheta: *Your advice to the students and professionals?*

CS Jayan: I would advocate Self test. Whatever work you do should give you the happiness. Life is an attempt towards fulfillment. So you need to ask yourself if you are enjoying what you are doing - is it giving you the fulfillment. If the answer is yes - then continue.

I would like to thank on behalf of all the team member of the SVJS. The thoughts shared by me today are the collective wisdom of my team. We are sincerely thankful to ICSI for this recognition as it has given us extreme confidence to move on. We take this as a fuel for our future endeavors and in next 5 years, the SVJS will be on a different level.


None of us, including me, ever do great things. But we can all do small things, with great love, and together we can do something wonderful. -Mother Teresa

Teamwork is the ability to work together toward a common vision. Each of us should try and bring in this component in our organizations. The ability to direct individual accomplishments toward organizational objectives - is the fuel that allows common people to attain uncommon results.


Thank you!!!

Click this link to hear the interview recording: <https://bit.ly/InterviewwithCSJayank>

Concept & Compilation:



CS Pracheta M
Practicing Company Secretary



CS Dr Shobha Sridhar
Practicing Company Secretary

"A unique opportunity to CS Students

Dear Students,
We hope you are going through the interviews with the stalwarts of the profession. You too may have few questions in mind to ask these eminent Company Secretaries. Here is a unique opportunity for you to ask your questions directly to them!!!
You have to send us the takeaways from the interview published in this month's magazine (please go through the excerpts published as well as the video link) and send your responses to enewsletter.icsimysore@gmail.com. The student who gives us the 'best takeaway/s', will get an opportunity to ask a question to our guest in the next series of the interview."

Company Secretary and Climate Change

The Perspective

The world economy is slowly, and unevenly, coming out of the worst crisis most of us have ever known. While dealing with immediate problems such as high unemployment, inflationary pressures or fiscal deficits, we have to look to the future and devise new ways of ensuring that the growth and progress we have come to take for granted are assured in the years to come. A return to “business as usual” would indeed be unwise and ultimately unsustainable, involving risks that could impose human costs and constraints on economic growth and development. It could result in increased water scarcity, resource bottlenecks, air and water pollution, climate change and biodiversity loss which would be irreversible. Strategies to achieve greener growth are needed.

If we want to make sure that the progress in living standards we have seen these past fifty years does not grind to a halt, we have to find new ways of producing and consuming things, and even redefine what we mean by progress and how we measure it. We have to make sure to take our citizens with us on this journey, in particular to prepare the people with the right skills to reap the employment benefits from the structural change. But we cannot just start from scratch. Changing current patterns of growth, consumer habits, technology, and infrastructure is a long-term project, and we will have to live with the consequences of past decisions for a long time. This “path dependency” is likely to intensify systemic environmental risks even if we were to get policy settings right relatively swiftly.

The modern economy was created thanks to innovation and thrives on it, and in turn the economy encourages new ways of doing things and the invention of new products. That will continue to be the case. Non-technological changes and innovation such as new business models, work patterns, city planning or transportation arrangements will also be instrumental in driving green growth. No government has all the technological, scientific, financial and other resources needed to implement green growth alone. The challenges are global, and recently we have seen encouraging international efforts to tackle environmental issues collectively, including the path-breaking Cancun agreements to address climate change.

Green growth means fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. To do this, it must catalyze investment and innovation which will

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-Change does not necessarily follow a smooth, foreseeable trajectory. For example, some fish stocks suddenly collapsed after declining only slowly for years. If we want to ensure that the progress made in living standards in these past fifty years does not grind to a halt, we have to find new ways of producing and consuming things, and even redefine what we mean by progress and how we measure it”

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underpin sustained growth and give rise to new economic opportunities. We need green growth because risks to development are rising as growth continues to erode natural capital. If left unchecked, this would mean increased water scarcity, worsening resource bottlenecks, greater pollution, climate change, and unrecoverable biodiversity loss.

These tensions may undermine future growth prospects for at least two reasons:

- It is becoming increasingly costly to substitute physical capital for natural capital. For instance, if water becomes scarcer or more polluted, you need more infrastructure to transport and purify it.
- Change does not necessarily follow a smooth, foreseeable trajectory. For example, some fish stocks suddenly collapsed after declining only slowly for years. If we want to ensure that the progress made in living standards in these past fifty years does not grind to a halt, we have to find new ways of producing and consuming things, and even redefine what we mean by progress and how we measure it.



The role of the company secretary in tackling the climate crisis

A company secretary play a pivotal role in tackling Climate crisis. As the board's advisor, the company secretary should drive the conversation on sustainability, include sustainability in board agendas, encourage the board to consider sustainability competencies in board renewal, and help in the integration of sustainability into board mandates. The company secretary should also look into how other organizations are approaching the subject and work collaboratively with governance professionals to ensure best practice

is instituted in his/her organization.

The company secretary sits at the heart of the organization, a bridge between the executive and the board and holds a uniquely privileged position with an organization wide view. So what role can (and should) the company secretary play in tackling the climate crisis?

1. Board agenda: Company secretary will support the chair with setting the agenda. In the past the implications of climate change may only have been discussed at the sustainability committee and formed only a small part of its agenda alongside health and safety, ethics and community issues. Now good boards will address strategy and sustainability at all meetings – sustainability is now a mainstream governance matter and must be integrated with all decision making.

2. Supporter: The climate (or environmental) function in most companies was, until recently, usually led by a subject matter expert reporting to the head of health, safety and environment. It remains rare to find this function well represented on the Board committee. Some companies have moved the climate head under the head of strategy. Wherever the climate head sits, a company secretary who supports them by getting them an audience with the right people and who guides them on presentation and influencing skills will be a crucial ally.

3. Investors: Traditionally the bulk of investor engagement would be handled by the Investor Relations Team with the CEO and CFO. Some engagement would be handled by the chair and the company secretary – often on more sensitive issues of governance or

succession. Shareholder activism on the climate agenda is becoming mainstream and the company secretary would become a central figure to deal with investors who engage in climate change discussions. This would be a significant learning experience for some company secretaries, but a rewarding one for them and the investor relations team.

4. Disclosure: Company Secretaries would get fully engaged with the sustainability report. That report will help company secretaries understand first hand all the activities and issues and the metrics and targets. They will be ever mindful of future deliverables and understand the liability for false or misleading statements and will guide the editorial team accordingly.

5. Risk (and opportunity) management : The company secretary should work closely with the head of risk to ensure that board and committee papers and discussions are optimized to discharge the board and audit committee’s responsibilities for risk management (and internal control). Climate change is now a top global risk, but it also brings business opportunities, and it is good to see more and more focus on the opportunities, setting climate issues apart from others areas of the risk agenda.

Conclusion

In conclusion, the company secretary’s role in putting the climate crisis on the board agenda is vital. Board time is precious and pressured, but what can be more important to discuss than the biggest existential risk of our time? This affects every company, either through its customers, investors, suppliers or employees and often all of these. It is central to the company secretary’s role to make sure these matters are properly considered, and the board has the right information to make informed decisions. In conclusion, the roles of the board and company secretary are closely intertwined – the former assuming a supervisory role and the latter as a crucial facilitator and advisor to the board.



Can “interest” form part of the term “debt” for the purpose of the threshold limit U/s. 4 of IBC?

In order to invoke Sec. 7 or 9 of IBC, 2016 for the initiation of Corporate Insolvency Resolution Process against a corporate debtor, a creditor must either be a financial creditor or an operational creditor. For the purpose of filing an application by a financial creditor U/s. 7 of IBC the debt must be a financial debt as per the definition under Section 5(8) of IBC. Similarly for an operational creditor to invoke Section 8 and 9 of IBC the debt must be an operational debt as defined under Sec. 5(21) of IBC.

Sec. 4 of IBC prescribes a minimum threshold limit for the purpose of exercising the rights by a financial creditor or an operational creditor under Section 7 or 9 of IBC. As per Section 4 of IBC, the minimum amount of default must be Rs. 1 Lakh wherein powers are conferred upon the Central Govt. to increase the same upto Rs. 1 Crore. Therefore, ever since IBC came into force w.e.f 01.12.2016 the minimum threshold limit was Rs. 1 Lakh for initiating proceedings for the Corporate Insolvency Resolution Process as against a corporate debtor. Due to COVID-19, the Central Govt. in exercise of its powers conferred under Sec. 4 of IBC, issued a notification dated 24.03.2020 whereby increased the threshold limit for the purpose of Section 4 of IBC to Rs.1 Crore. After the said notification came into force, no creditor can file an application U/s. 7 or 9 of IBC in order to initiate CIRP proceedings against a corporate debtor unless the minimum amount of default is Rs. 1 Crore irrespective of whether the said debt is prior or after 24.03.2020. Similarly, Sec. 10A was inserted in IBC which prescribes that no insolvency proceedings can ever be instituted against any entity whatsoever for the default caused during the period between March 25, 2020 till September 2020 and the said period was later extended upto March 2021.

Recently, an interesting issue came up for consideration before the Hon’ble NCLT, New Delhi Bench in a Sec. 9 application filed by the operational creditor against a corporate debtor in the matter of “CBRE South Asia Pvt.Ltd v M/s. United Concepts and Solutions Pvt.Ltd” wherein a claim was made to the tune of Rs.1,39,84,400/- out of which the principal amount was said to be Rs. 88,50,886/- and interest on principal amount was claimed as Rs. 51,33,514/- and the date of default was stated to be 10.08.2021. In the said application, the question for determination for the Hon’ble NCLT was whether in a Section 9 application which was filed in respect of an operational debt can the claim amount include both the principal and the interest amounts in order to satisfy the minimum threshold limit

“

-Both the principal and the interest amounts in order to satisfy the minimum threshold limit of Rs. 1 crore or the interest cannot be clubbed for the purpose of treating the claim amount as the operational debt in a Sec. 9 application.”

R. Rajesh
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of Rs. 1 crore or the interest cannot be clubbed for the purpose of treating the claim amount as the operational debt in a Sec. 9 application.



In order to adjudicate on the said question of law whether the interest portion must be included or excluded from the operational debt for the purpose of satisfying the minimum threshold limit, the Hon'ble NCLT examined in detail the definitions of the terms "default", "Debt", "Operational Debt", "Financial Debt" etc. and while doing so a comparison was made between the definitions of operational debt and financial debt and the said definitions are extracted hereunder:

"**debt**" means a liability or obligation in respect of a claim which is due from any person and includes a financial

debt and operational debt;

"**default**" means non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not repaid by the debtor or the corporate debtor, as the case may be;

"**operational debt**" means a claim in respect of the provision of goods or services including employment or a debt in respect of the repayment of dues arising under any law for the time being in force and payable to the Central Government, any State Government or any local authority;

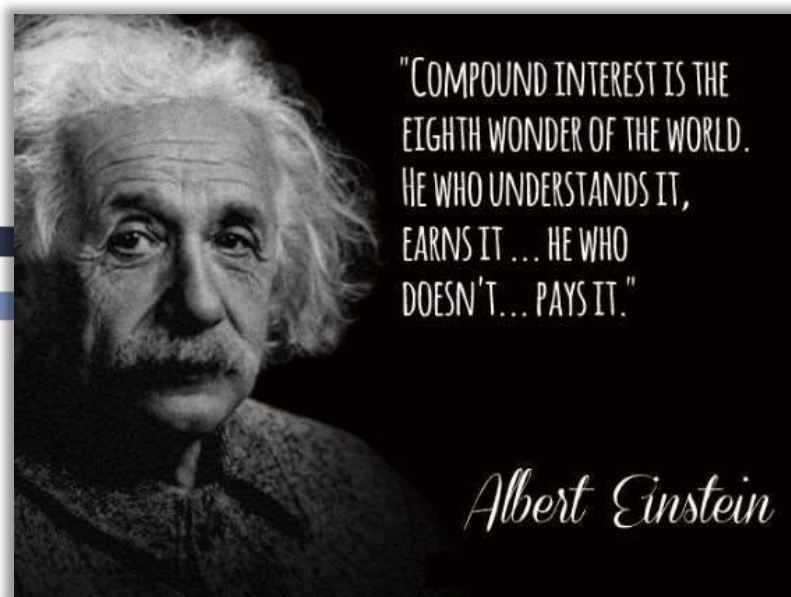
"**financial debt**" means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes—

- a) money borrowed against the payment of interest;
- b) any amount raised by acceptance under any acceptance credit facility or its dematerialized equivalent;
- c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument.
- d) the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards as may be prescribed;
- e) receivables sold or discounted other than any receivables sold on non-recourse basis;
- f) any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;
- g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and for calculating the value of any derivative transaction, only the market value of such transaction shall be taken into account;
- h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, documentary letter of credit or any other instrument issued by a bank or financial institution;
- i) the amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in sub-clauses (a) to (h) of this clause;

During such examination and comparison, the Hon'ble NCLT came across the term 'interest' having been included within the definition of the term financial debt since as per the said definition a financial debt means "a debt along with interest" whereas under the definition of operational debt the term "interest" doesn't find a place along with the term debt which clearly indicates that in the case of a claim made as a financial debt in a Sec. 7 application the claim shall include interest for the purpose of satisfying the minimum threshold limit whereas on the other hand in the case of a claim made in respect of an operational debt the said claim cannot include the interest portion for the purpose of meeting the requirement of the threshold limit as prescribed U/s. 4 of IBC.

In the said judgment, the Hon'ble NCLT had also relied upon a similar finding which was given by the Hon'ble NCLT in the Chandigarh Bench in the matter of 'M/s. Wanbury Ltd. Vs. M/s. Peanacea Biotec Ltd.' Further the Hon'ble NCLT has also referred to a judgment of Hon'ble NCLAT in the matter of 'Jumbo Paper Products Vs. Hansraj Agro Fresh Pvt.Ltd' wherein the Hon'ble NCLAT has held that the threshold limit as increased by the Central Government vide its notification dated 24.03.2020 shall apply for both applications filed u/s. 7 or 9 of IBC on or after 24.03.2020 even for a debt which is of a date earlier than 24.03.2020.

Therefore, in the present case, the Hon'ble NCLT, New Delhi Bench has given a clear finding that for the purpose of computing an operational debt in a Sec. 9 application the said debt cannot include the interest portion on the principal amount so as to meet the requirements of the threshold limit as prescribed under Sec. 4 of IBC hence in the said case since after excluding the interest portion the claim made by the operational creditor towards principal is below the threshold limit of Rs. 1 crore hence on the said ground by delivering the judgment on 19.01.2022 the Hon'ble NCLT dismissed the Sec. 9 application as not maintainable since having failed to satisfy the threshold limit as prescribed under Sec. 4 of IBC, 2016.



Major Latest Amendments in SEBI (Listing Obligations and Disclosure Requirements) 2015

The Securities and Exchange board of India has been a watchdog for compliance of corporate regulations in letter and spirit. Protection of interest of stakeholders is the ultimate motive for the institution and from time to time to ensure protection of interest and ensure proper disclosures, the organization amends the listing obligations and Disclosure requirements regulations.

This article speaks about amendments made recently in the SEBI (LODR) which is coming into force from 1st April 2022.

1. Definition of related party in Regulation 2(zb)

The word “and” substituted by “or” in the definition of related party

The new amendment reads as follows:

Any person or entity forming a part of the promoter or promoter group or any person or any entity, holding equity shares of 20% or more (10% w.e.f. 1st April, 2023) shall be deemed to be a related party.

2. Amendment to Regulation 2(Zc)

Widening of definition of related party and a list of exclusions to the related party transactions.

Transfer of resources, services or obligations between 1.) A listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand 2.) A listed entity or any of its subsidiaries on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries with effect from April 1st 2023

The aforesaid transactions are regardless of whether a price is charged and a transaction with related party shall be construed to include single transaction or group of transactions

List of Transactions not Included:

1. Issue of specified securities on a preferential basis

“

-The circular

reiterated the need to uphold corporate governance in letter and spirit by providing transparency to the shareholders the material related party transactions undertaken by the Company. The Circular has come into force with effect from 1st April 2022.”

Roopa Ravikumar, FCS
B.A.B.L (HONS)
Company Secretary in employment
Email ID: rooparvkmr@gmail.com



2. Corporate actions which are uniformly applicable to all shareholders such as payment of dividend, subdivision or consolidation of securities, issuance of securities by way of rights issue or a bonus issue and buy back of securities, acceptance of deposit by banks/NBFC (uniformly applicable) offered to all shareholders subject to disclosure of the same along with disclosure of related party transactions every six months to stock exchange.
3. Definition of Transaction that is to be Considered “Material”
4. A transaction is to considered material if the transaction with the related party entered individually or taken together with previous transactions during a financial year exceeds Rs.1000 crores or 10% of the annual consolidated turnover of the listed entity as the last audited financial statements of the listed whichever is lower.
5. Material Modifications and Audit Committee - Amendment to Regulation 23(2)

The word “material modifications” has been inserted and Audit Committee of the listed entity shall define material modifications and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions

Prior approval of audit committee of the Listed Entity is Required in the Following Circumstances:

1. If the subsidiary of the listed entity is a party to the related party transaction (listed entity is not a party to it) and if the value of the transactions during the financial year exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the listed entity
2. If the subsidiary of the listed entity is a party to the related party transaction (listed entity is not a party to it) and if the value of the transactions during the financial year exceeds ten percent of the annual standalone turnover as per the last audited financial statements of the subsidiary. (With effect from 1st April 2023)



Prior approval of the audit Committee shall not be required for a related party transaction to which listed subsidiary is a party as Regulation 23 & 15 would be applicable to listed subsidiary

In case of unlisted subsidiaries of listed subsidiaries, prior approval of audit committee shall be sufficient.

5. Amendment to Regulation 23(4) with Regard to the Shareholders’ Approval

Prior approval of shareholders of listed entity shall not be required for related party transaction in which listed subsidiary is party (Listed entity is not

party) if regulation 23 & 15 is applicable to such listed subsidiary

With respect to the related party transaction of unlisted subsidiaries of listed subsidiary – prior approval of the shareholders of listed entity would be sufficient.

6. Insertion of Regulation 23(5) (c)

The aforesaid regulations shall not be applicable transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Previously the provision had only two exceptions 1.) Transactions entered into between two governments Companies 2.) Transactions entered into between holding company and wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders for their approval



7. Amendment in the Time Line of Submission of Related Party Transactions

Listed entity has to submit disclosures pertaining to related party transactions every six months within 15 days from date of publication of its standalone and consolidated financial results.

With effect from 1st April 2023, the listed entity has to disclose related party transactions in the prescribed format on the date of publication of its standalone and consolidated financial results.

8. Amendment to Schedule V relating to Additional Disclosures in Annual report

In the disclosure given in the corporate governance report as per Schedule V of SEBI (LODR), point (m) has been inserted which requires listed entity and its subsidiaries to give details of loans and advances in nature of loans given to firms or companies in which Directors are interested along with name and the amount involved.

9. Insertion of (1C) in Regulation 17 of LODR vide SEBI (listing obligations and Disclosure Requirements) Amendment Regulation, 2022

Appointment or reappointment of a person (Whole time Director, Managing Director, Manager) whose appointment was earlier rejected by the shareholders at a general meeting shall be done only with prior approval of the shareholders.

The listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

10. Amendment to Regulation 32(7) -Statement of Deviation(s)or Variation(s).

To monitor the utilization of funds, the Regulation 32(7) has been amended for placing the report of the monitoring committee before the Audit Committee of the Company on quarterly basis promptly upon its receipt.

10. Insertion of Regulation 17(1B) Separation of Role of Chairperson and Managing Director with Effect from 1st April 2022 for the top 500 companies

The Chairperson shall be a non-executive Director and should not be related to the Managing Director or the Chief Executive Officer as per the definition of relative defined under Companies Act, 2013

However compliance with this regulation will not be mandatory and will be implemented on voluntary basis.

Clarification was issued by SEBI relating to Related party transactions on March 30 22,

To clear the air with respect to the latest amendments, SEBI has recently issued a circular on related party transactions.

1. If a related party transaction has been approved by the Audit Committee and shareholders before 1st April 2022, no fresh approval from shareholders is required
2. If a related party transaction duly approved by audit Committee becomes material due to the revision in threshold of materiality, the same shall be placed before the Shareholders in the first General meeting held after 1st April 2022
3. If a related party transaction was granted omnibus approval by the Audit Committee, the same shall be placed before the shareholders if it is material

The explanatory statement sent along with notice for seeking approval of shareholders for a related party transaction should provide relevant information with the terms and conditions to enable shareholders determine if the proposed transaction is unfavorable to listed entity in comparison to the transaction undertaken by two unrelated parties.

The circular reiterated the need to uphold corporate governance in letter and spirit by providing transparency to the shareholders the material related party transactions undertaken by the Company. The Circular has come into force with effect from 1st April 2022

These were the major amendments made by SEBI in listing obligation and Disclosure requirement Regulations to ensure more accountability and transparency to the shareholders and to enable shareholders take more informed decisions.

References:

1. SEBI (Listing Obligations and Disclosure Requirements) (Sixth amendment) Regulations 2021
2. SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2022
3. SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2015 (AMENDED JAN 24, 2022)
4. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Last amended March 22, 2022]
5. Circular No: SEBI/HO/CFD/CMD1/CIR/P/2022/40 dated 30th March 2022

A lack of transparency
results in distrust and a
deep sense of insecurity.

Dalai Lama



Role of Company Secretary in Financial Statements

Need for the Study

Pursuant to the provisions of Section 134(1) of the Companies Act, 2013, the Financial Statement (including consolidated financial statement, if any) of the Company shall be signed by its;

1. Chairperson where he is authorised by the Board (or) any 2 directors out of which one shall be managing director (if any) and
2. Chief Executive Officer (if any) and
3. Chief Financial Officer (if any) and
4. Company Secretary (if any).

It is pertinent to note that, those companies that have appointed Company Secretaries, the financial statements shall also have to be signed by them. This is to give recognition to the Company Secretary as key managerial personnel and to bring greater accountability to this position. Therefore, as the Company Secretaries are becoming a signing party, it becomes very crucial for them to have a thorough understanding of the Financial Statement.

Meaning of Financial Statement

Pursuant to section 2 (40) of the Companies Act, 2013, Financial Statement in relation to a company, includes;

1. Balance Sheet,
2. Profit and Loss Account,
3. Cash flow statement,
4. Statement of changes in equity and
5. Any explanatory note annexed to, or forming part of, any document referred above.

Financial Statements are helpful to each and every stakeholder for multiple reasons and purposes. It forms backbone for financial planning, analysis, bench marking, decision making and has variety of uses internally and externally which generally depends upon who is reading the information. For example, Lenders use the information in financials to, inter alia, determine whether they should extend credit to the Company or not and Proposed Investors use the financial information to take informed investment decisions.

An annual audit is conducted by an independent, competent and qualified, auditor in accordance with high-quality auditing standards in order to provide an external and

“

-It is not feasible for a Company Secretary to get involved into the intricacies of the figures mentioned in the financial statement. Having said that, a Company Secretary, in order to increase credibility of the figures mentioned in the financial statement, can ask some of the documents before signing.”

CS Parth Sugandhi
Company Secretary in employment
Email ID: csparth80@gmail.com



objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the Company in all material respects. Statutory auditors are independent accounting professionals who audit the financial statements on behalf of the shareholders to make sure they provide a true and fair presentation of the financial status of the Company. They are responsible for evaluating the validity and reliability of the Company's financial statements which in turn ensures shareholders reliability on financial statements. Thus it is the shareholders who appoint auditors in the Annual General Meeting.

Approval and Adoption of Financial Statement

Financial Statement of every financial year shall be first approved by the Board as per the provisions of Section 179 (3) (g) of the Companies Act, 2013 and the signed copy of the same shall be sent to the Statutory Auditors of the Company for obtaining their report. Once the Auditor's Report is received, then the same shall be sent along with the signed Financial Statement to the members for their consideration and adoption at the ensuing Annual General Meeting of the Company followed by filing with the concerned Registrar of Companies within thirty days of the date of such Annual General Meeting.



Voluntary Revision of Financial Statement

Section 131 of the Companies Act, 2013, allows the directors to prepare revised Financial Statement if it appears to them that the company's Financial Statement is not in compliance with the requirement of Section 129 or Section 134 after obtaining the approval of the Tribunal. Tribunal shall take into account the representations if any, of the Central Government and of the Income Tax Department. Such revised Financial Statement shall not be prepared or filed more than once in financial year. This voluntary revision is restricted only to the preceding 3 financial years. The section also provides that the detailed reasons for revision of such Financial Statement shall also be disclosed in the Board's report in the relevant financial year in which such revision is being made.

Section 131 (2) of the Companies Act, 2013, seems to contemplate two possible situations:

1. Revision of Financial Statements after being signed off by the directors and auditors, but prior to circulating such financial statements to the members; and
2. Revision of Financial Statements after they have been circulated to the members.

In the second case above, the section specifies that the revisions must be confined to the correction of the non-compliances of the provisions of section 129 or section 143, as applicable and any consequential changes. This implies that in the first case above, apart from making the revisions to correct the non-compliances of the provisions of section 129 or section 134, as applicable, the Company may be permitted to carry out other revisions or modifications, such as providing new or incremental disclosures, or application of a new accounting policy, and the like, as long as they continue to be in compliance with the requirements of section 129 and/or 134, as the case may be.

While the revision can be initiated and made by the directors after approval has been obtained from the Tribunal, such revision will also require the auditor to issue a new audit report on the revised financial statements and carry out additional procedures based on the circumstances as discussed above.

Further, it shall be noted that where corrections were required to be made in the financial statements due to some technical errors and no opposition was received from the Central Government, Registrar of Companies and Income Tax Authorities, the application under section 131 was allowed. The accounts had been adopted at the AGM and were filed with the Registrar. NCLT observed “The revisions as allowed shall be certified by the statutory auditors of the company preferably by giving fresh report. Thereafter, the revised financial statement may be filed with the concerned Registrar of Companies.” In the matter of Black & Veatch Private Limited, C.P No. 2452/2018, decided on 13.11.2018. See also in Goldmetal Electricals Private Limited, C.P No. 746/2018, decided on 10.12.2018.

Few Points to Check before Signing the Financial Statement

1. Companies Act, 2013: It is needless to mention that one of the most important function of the Company Secretary is to ensure the compliances of the Companies, Act, 2013. Therefore, while analyzing the financial statements, proper emphasis shall be placed on the below mentioned points;

- I. **Related Party Transactions:** One shall check the correctness of the details regarding the name of related parties, nature of relationship, nature and number of transactions during the year. Most importantly, whether the RPT was undertaken as per the applicable provisions of the Companies Act, 2013, or not shall be checked.
- II. **Lending and Borrowing:** Whether the approvals are in place for the borrowing and lending of the Company and whether the same were undertaken in line with the applicable provisions of the Companies Act, 2013 or not shall be checked.
- III. **Conformity with Accounting Standards:** Whether the Financial Statements are in conformity with the Indian Accounting Standards prescribed under sec 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, (IND AS) and other accounting principles generally accepted in India or not shall be checked.
- IV. **Others:** Compliances of all other significant items/transactions undertaken during the year such as Secured Charges, Changes in Equity, Payment of Dividend, Investments, CSR activities and Calculation of Managerial Remuneration etc. shall be checked.

2. Financial figures: It is not feasible for a Company Secretary to get involved into the intricacies of the figures mentioned in the financial statement. Having said that, a Company Secretary, in order to increase credibility of the figures mentioned in the Financial statement, can ask some of the documents before signing, which includes;

- a. Fixed Asset Register (FAR)
- b. Gratuity Summary Report
- c. EPF and ESIC Ledger
- d. Ledger for other statutory liabilities
- e. CFO's sign-off
- f. Accounts Receivable Ageing Report
- g. Bank Statement

h. Inventory count sheet.

3. Read the Notes: Notes are essential to fully understanding the Financial Statements as they provide the breakup of the amounts that are mentioned in the financial statements. These are also used to explain the assumptions used to prepare the numbers in the financial statements, as well as the accounting policies adopted by the Company. They help different types of users, such as financial analysts and investors, to interpret all the numbers added to the financial statements.

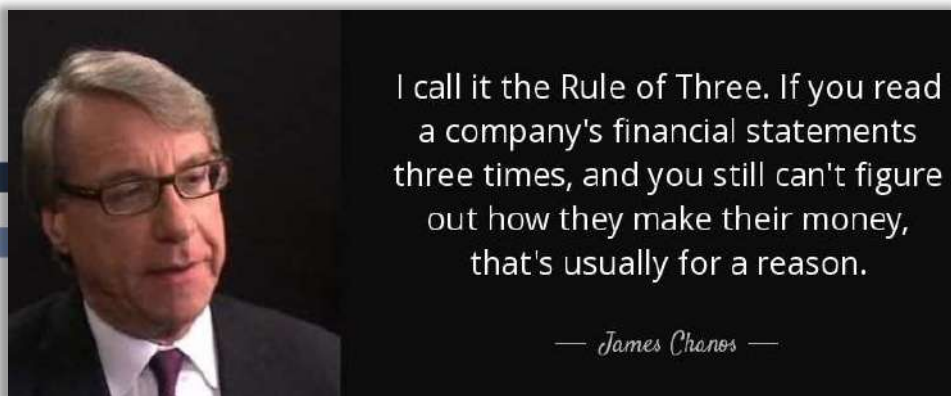
4. Other Legislations: One shall ensure the compliances of several other legislations that require certain disclosures in the Financial Statements for example, Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 mandates to specify certain amount which is unpaid to Micro and Small Enterprises by the buyer (Company).

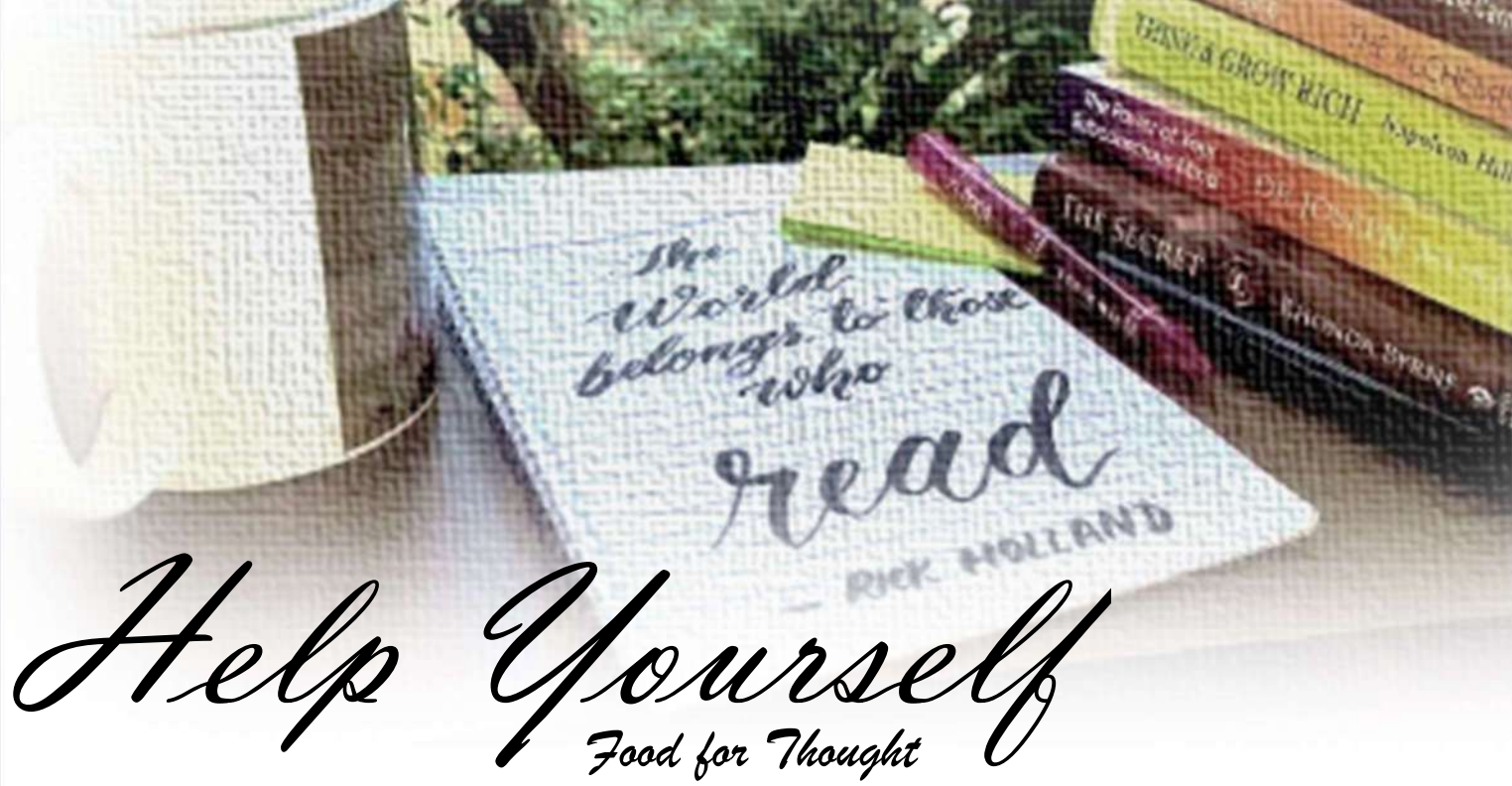
Conclusion

It is essential for the company secretaries to exercise certain amount of diligence while signing the financial statements but at the same time it shall also be noted that, by signing the Financial Statement, a Company Secretary does not incur liability for wrong entries in the books of account or falsification of accounts as the financial statements are approved by the Board before they are signed by the Company Secretaries. This makes it clear that if any liability arises of the financial statements, it will attach to all the directors of the Company who approve them.

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Help Yourself

Food for Thought

The Mastery Manual

-By Robin Sharma

Disclaimer: This article does not endorse any book and is not sponsored by any author or publication. Content shared here is for knowledge and learning purposes only.

"Talk to yourself at least once a day. Otherwise, you may miss a meeting with an excellent person in this world." - Swami Vivekananda.

Have you dedicated sometime of your life to talking to yourself regularly? If not, why not? You may have your own way of doing it, for example, before a mirror or with the eyes closed, through meditation or by journaling. Have you done any of these?

This is the fourth book by Robin Sharma to be discussed in this column. Why again? I love the author's writing style as it is very conversational and always love the collection of quotes that are part of his book by great personalities, poets, writers and so on. But this time, I was drawn to this book for another reason- after each chapter, it has many questions that we must ask ourselves. These are under the heading 'questions to journal on' and are a great way to introspect and contemplate life that we've lived so far irrespective of the number of years.

"What will not be measured cannot be mastered" is a brilliant quote by the author. Can thoughts be measured? Not really, but journaling can help to get the clarity of thought which we may otherwise lack as we have too many thoughts all day and we may miss to remember a few good ones. Has it ever happened to you that you had a brilliant idea one night and forgot it the next morning?

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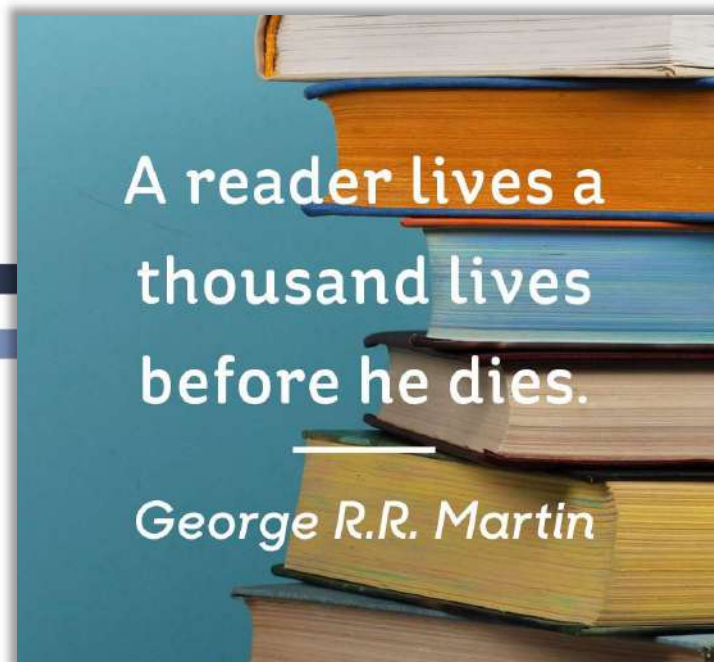
I had the idea of journaling out my thoughts, feelings and ideas for a long time but it somehow would never happen and many ideas, good thoughts would die in my procrastination which is disappointing. But, by reading this book, the urge, will and enthusiasm to do it has spiked up fairly because of the brilliant and soul-stirring questions. The clarity and focus that comes due to journaling is immense when compared to merely thinking and keeping in mind that tends to forget.

If you are here for the first time, this column intends to impart byte sized knowledge from self-help books, biographies, autobiographies and other related genres, relevant specifically to corporate professionals and aspiring professionals. Not every learning that a book enshrines can be fit in here, so writing a summary or a book review is not the aim of this column. The intent is to give you a touch of acquaintance to a new book, in every issue of this e-magazine, hoping that it will make you want to grab it and read for yourself.

So as questions are the highlight of this book, let me, for a change from sharing ideas, share a few questions from the book that would be fun and productive to journal or contemplate on. Here goes-

- If my life could stand for one word what would that word be?
- How old would you be if you did not know how old you were?
- What is the best lesson life has taught you?

So, what are you planning to journal on?





REGULATIONS

Regulatory Updates

Companies Act, 2013

Updates on Notifications

MCA has amended Companies (Indian Accounting Standards) Rules, 2015, which shall be known as Companies (Indian Accounting Standards) Amendment Rules, 2022. These rules have come into force from 1st day of April, 2022.

In the principal rule,

In the Annexure of Companies (Indian Accounting Standards) Rules, 2015, under the heading-

B. Indian Accounting Standards (Ind AS)

In Indian Accounting Standard (Ind AS) 101, after paragraph 39AF, the following shall be inserted;

“39AG Annual Improvements to Ind AS (2021), amended paragraph D1(f) and added paragraph D13A. An entity shall apply that amendment for annual reporting periods beginning on or after 1st April, 2022.”

For paragraph 11 of “Indian Accounting Standard (Ind AS) 103”, the following shall be substituted;

“11 To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. For example, costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree’s employees are not liabilities at the acquisition date. Therefore, the acquirer does not recognize those costs as part of applying the acquisition method. Instead, the acquirer recognizes those costs in its post-combination financial statements in accordance with other Ind AS.”;

For paragraph 14 of “Indian Accounting Standard (Ind AS) 103”, the following shall be substituted;

“14 Paragraphs B31-B40 provide guidance on recognizing intangible assets. Paragraphs 21A-28B specify the types of identifiable assets and liabilities that include items for which this Ind AS provides limited exceptions to the recognition principle and conditions.”

For paragraph 21 of “Indian Accounting Standard (Ind AS) 103”, the following shall be substituted;

“21 This Ind AS provides limited exceptions to its recognition and measurement principles. Paragraphs 21A-31A specify both the particular items for which exceptions are provided and the nature of those exceptions. The acquirer shall account for those items by applying the requirements in paragraphs 21A-31A, which will result in some items being-

- (a) recognised either by applying recognition conditions in addition to those in paragraphs 11 and 12 or by applying the requirements of other Ind ASs, with results that differ from applying the recognition principle and conditions.
- (b) measured at an amount other than their acquisition-date fair values.”

The exceptions for recognition principle are also provided.

Further, amendments are made also to;

1. Indian Accounting Standard (Ind AS) 109
2. Indian Accounting Standard (Ind AS) 16
3. Indian Accounting Standard (Ind AS) 37
4. Indian Accounting Standard (Ind AS) 41

G.S. R 255(E)

MCA has amended Companies (Management and Administration) Rules, 2014 which shall be known as Companies (Management and Administration) Amendment Rules, 2022.

In the principal rules, after sub-rule (2) of Rule 14 the following sub-rule shall be inserted;

“(3) Notwithstanding anything contained in sub-rules (1) and (2), the following particulars of the register or index or return in respect of the members of a company shall not be made available for any inspection under sub-section (2) or for taking extracts or copies under sub-section (3) of section 94, namely;

- i. address or registered address (in case of a body corporate);
- ii. e-mail ID;
- iii. Unique Identification Number
- iv. PAN Number.”.

G.S.R 279(E)

SEBI Act, 1992

Updates on Circulars

Standardization of Ratings scales

SEBI has advised Credit Rating Agencies to either.

- align their rating scales with the rating scales prescribed under the guidelines of respective financial sector regulator or authority in terms of Regulation 9(f) of SEBI (Credit Rating Agencies) Regulations, 1999, or
- follow rating scales prescribed by the Board vide circular dated June 15, 2011, June 13, 2019, or any other circular issued by the Board from time to time, by June 30, 2022,

SEBI/HO/MIRSD/MIRSD/CRADT/P/CIR/2022/43

Standardization of Industry classification

The Market Data Advisory Committee (MDAC), after conducting due examination of existing industry classification structures, have developed a harmonized four level industry classification framework for adoption by all stakeholders and for all relevant processes/ purposes in Indian securities market.

SEBI/HO/MIRSD/CRADT/CIR/P/2022/42

Execution of Demat Debit and pledge instruction

Through this circular SEBI has given a detailed guideline to depositories, regarding execution of Demat Debit and pledge instruction (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities.

SEBI/HO/MIRSD/DoP/P/CIR/2022/44

Revision of UPI limits in public issues of Equity shares and convertibles

National Payments Corporation of India (NPCI) has enhanced the per transaction limit in UPI from Rs.2 lakhs to Rs. 5 lakhs for UPI based Application Supported by Blocked Amount (ASBA) in Initial Public Offers.

Accordingly SEBI has decided that all Individual Investors applying in Public Issues where the application amount is up to 5 Lakhs shall use UPI and shall also provide their UPI ID in the bid-cum-application form.

SEBI/HO/CFD/DIL2/CIR/P/2022/45

Standard Operating Procedures

SEBI (LODR) Regulations, 2015, byelaws, listing agreement & regulations of the stock exchanges provide for dispute resolution under the stock exchange arbitration mechanism for disputes between a listed company and its shareholder(s)/ investor(s).

In this regard SEBI has advised stock exchanges to put in place by June 01, 2022, Standard Operating Procedures (SOP) for operationalizing the resolution of all disputes pertaining to or emanating from investor services.

SEBI/HO/CFD/SSEP/CIR/P/2022/48

Clarification on applicability of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in case of Related Party Transactions.

SEBI LODR Regulations specifies that omnibus approval granted by the audit committee shall be valid for a period not exceeding one year, further Regulation 23(4) requires shareholder approval for material related party transaction.

Section 96(1) of the Companies Act, 2013 specifies that the time gap between two Annual General Meetings cannot be more than 15 months.

Upon receipt of representations, SEBI has clarified that shareholders' approval of omnibus RPTs approved in an AGM shall be valid up to the date of the next AGM for a period not exceeding fifteen months.

In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year. SEBI/HO/CFD/CMD1/CIR/P/2022/47

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Science Stalk

Hi everyone, Hope everyone is safe and sound.

Does anyone know how much waste is generated in India?

Its 62 million tons!!!! about 43 million tons are collected and of which about 12 million tons are treated, and 31 million tons are dumped in land fields. Even a small piece of plastic takes about 450 years to decompose in a land field. This means the first pen which you used is still out there harming environment...!

Is there any solutions for this problem?

Necessity is the mother of invention. When there is a need people start to explore different ways in order to get things done.

Few people saw immense business opportunities in this, and they are turning waste into money. Recycling the waste and exploiting the opportunities are very imperative. Many startups in our country are recycling waste and creating innovative products increasing in environmental sustainability. Some created tiles out of polluted air and some created pure cotton out of cigarette butts and later using the same to produce the cotton dolls, yarns and what not. All it requires is an idea.

As India is a developing country there are many opportunities in the face of problems. Like waste treatment, effective use of the resources, working towards sustainable development is what we have to be looking in the future businesses rather than to run a business just to make money.

Here are some of the innovative businesses which have been patented by the researchers and who have developed the products which not only reduces the pollutants but also uses the waste to produce the products.

1. Using waste broken glass bottles to produce the bricks which are much more stronger than the traditional cement bricks
2. Using a developed muffler which reduces the carbon emission form the vehicles and also gives the pure ink for pens
3. Converting the cigarette butts into cotton and then turning them into yarns

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4. Using the dried flowers to create pure color powders which doesn't harm the environment
5. Producing the papers out of elephant poops

These are only a few examples, there are many more opportunities to explore and ample number of problems to solve. If you are ready to solve the problems then you can make a business out of it.

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ICSI 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)

75
Azadi Ka
Amrit Mahotsav

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

Motto
सत्यं वद। धर्मं चर। कुरुते ते त्रयते: श्रेते by the law

MISSION
"To develop high calibre
professionals facilitating
good corporate governance"

3RD
NATIONAL
CONFERENCE
OF
CORPORATE CS
6-7 May, 2022

Theme: Company Secretary – Pursuing Perfection
Venue: Radisson Blu, Kochi, Kerala



Word Search

Based on Insolvency and Bankruptcy Code 2016

E	A	S	D	G	L	A	N	O	I	T	A	R	E	P	O
B	N	L	K	H	U	I	O	P	M	N	V	B	C	R	N
N	M	T	A	P	P	L	I	C	A	N	T	E	O	R	Y
M	N	Y	R	W	A	R	R	A	N	T	Y	T	N	M	U
A	B	U	G	E	Y	S	R	M	N	A	B	E	G	T	I
X	V	R	H	X	P	F	D	S	A	E	I	R	F	L	J
I	G	F	J	A	E	R	F	M	D	G	Z	J	D	U	F
M	T	S	I	Q	R	L	E	E	Y	U	I	O	S	A	Y
I	C	E	G	N	J	Z	T	N	M	N	B	V	S	F	T
S	D	V	W	Q	A	A	B	T	E	G	S	T	A	E	R
A	E	E	Z	A	R	N	Y	U	I	U	T	R	S	D	E
T	R	N	R	O	U	I	C	X	N	R	R	G	D	M	W
I	T	E	P	M	Q	E	R	I	A	B	V	S	G	P	D
O	Y	R	I	O	P	G	F	C	A	W	X	K	H	L	V
N	O	T	U	C	E	Q	K	Z	X	L	V	B	C	I	F
C	O	Y	R	E	S	O	L	U	T	I	O	N	L	K	P

Questions

Based on Insolvency and Bankruptcy Code 2016

1.	IBC 2016 an Act for insolvency resolution in a time bound manner for _____ (12) of value of assets and to promote _____ (16).
2.	Corporate Person who owes a debt to any other person- _____ (9,6).
3.	Non payment of the debt when whole or any part or instalment of the amount of debt has become due and payable and is not repaid by the debtor or the Corporate debtor - _____ (7).
4.	A member or partner of the corporate debtor who is authorised to make an application for CIRP under its constitutional document - Corporate _____ (9).
5.	Dispute includes a suit or arbitration proceedings relating to existence of amount of debt; quality of goods or service or the breach of a representation or _____ (8).
6.	Person who submits a resolution plan to the resolution professional- _____ applicant (10).
7.	A _____ creditor can file an application for initiation of CIRP against a Corporate Debtor with the Adjudication authority under Sec 7 of IBC 2016. (9)
8.	An _____ creditor can file an application for initiation of CIRP against a Corporate Debtor with the Adjudication authority under Sec 9 of IBC 2016. (11).
9.	The First meeting of the committee of creditors will be held within _____ days of the constitution of the committee. (5).
10.	As per Sec 56 (1) of IBC 2016, _____ CIRP shall be completed within ninety days from the insolvency commencement date. (4,5).

Note : Figures in the bracket indicate number of alphabets in the answer word.

Answer in Page 36

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WORD SEARCH

(Based on Insolvency and Bankruptcy Code 2016)

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E	A	S	D	G	L	A	N	O	I	T	A	R	E	P	O
B	N	L	K	H	U	I	O	P	M	N	V	B	C	R	N
N	M	T	A	P	P	L	I	C	A	N	T	E	O	R	Y
M	N	Y	R	W	A	R	R	A	N	T	Y	T	N	M	U
A	B	U	G	E	Y	S	R	M	N	A	B	E	G	T	I
X	V	R	H	X	P	F	D	S	A	E	I	R	F	L	J
I	G	F	J	A	E	R	F	M	D	G	Z	J	D	U	F
M	T	S	I	Q	R	L	E	E	Y	U	I	O	S	A	Y
I	C	E	G	N	J	Z	T	N	M	N	B	V	S	F	T
S	D	V	W	Q	A	A	B	T	E	G	S	T	A	E	R
A	E	E	Z	A	R	N	Y	U	I	U	T	R	S	D	E
T	R	N	R	O	U	I	C	X	N	R	R	G	D	M	W
I	T	E	P	M	Q	E	R	I	A	B	V	S	G	P	D
O	Y	R	I	O	P	G	F	C	A	W	X	K	H	L	V
N	O	T	U	C	E	Q	K	Z	X	L	V	B	C	I	F
C	O	Y	R	E	S	O	L	U	T	I	O	N	L	K	P



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MANGALURU
CHAPTER

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VISION

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सत्यं वद। धर्मं चर।

ICSI Motto

इन्द्रको पेट लम्बोके डेण्डेटे लु पेटे केरु

MISSION

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professionals facilitating
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KARNATAKA STATE CS CONFERENCE

BLOCK YOUR DATES

14 - 15 May, 2022

CS AKSHAY R SHET
Chairman

CS RAKESH NAYAK
Secretary

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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) along with Form 'A' available at link <https://www.icsi.edu/csbf/home> duly filled and signed.

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