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THE JOURNAL FOR GOVERNANCE PROFESSIONALS



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भारतीय कम्पनी सचिव संस्थान
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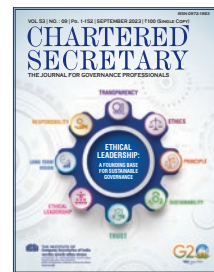
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The Month of September brings with itself significant days to celebrate and create conscious awareness within India as well as Globally on right to education and literacy for all and obeisance to those who spread the light of knowledge with celebrations across India on 'Teachers Day' as well as internationally on International Literacy day.

On the triumphant landing of Chandrayan-3 on the moon and India's success in space exploration being celebrated across the globe, The Institute of Company Secretaries of India also extends its Heartiest Congratulations to the Team ISRO on this extraordinary feat of our nation.

The ICSI led by its leadership has always stood steadfast in its duty of developing and regulating the profession of Company Secretaries who are the Governance Professionals of the highest order on the global standards. The Institute stands strong in its commitment with its Vision 'To be a Global Leader in Promoting Good Corporate Governance' steadily serving the resolve of developing the CS professionals who not only strive towards organizational well being in their professional pursuits, but are also achieving the national objectives of generating a well-governed corporate ecosystem on varied business frontiers.

The business dynamics across the globe are replete with swift changes and composite challenges. Time and again 'Ethical Leadership' has always stood persistent as a beacon of faith and steadiness of the business entities and all those who depend on their healthy well being. To bring forth the highly deliberated context of Ethical Leadership, this month's issue of Chartered Secretary Journal accentuates the much needed impetus on 'Ethical Leadership: The Founding Base for Sustainable Governance'.

The Author through the article, 'Dimensions of Corporate Ethical Dilemma and Measures to Overcome them' portrays that as the guardians of corporate governance, Company Secretaries play a crucial role in upholding the principles of transparency, accountability, and fairness. The article on 'Ethical Governance and the Role of Company Secretaries: A Comprehensive Review' throws light on the integration of ethical governance and the role of Company Secretaries and also how it has implications that extend to both practice and policy.

The author through the article 'Formulating Corporate Ethics Policy' gives an insight on how the ethical practices have been evolving as needed for the benefit of societies and nations.

The article on 'Ethical Leadership: the Founding base for Sustainable Governance' provides an overview on how Ethics, Social Responsibility, and effective governance practices form a virtuous cycle promoting social responsibility, which in turn influences good governance.

The article on 'Foundations of 'Ethical Governance: Nurturing Sustainable Leadership' focuses on tough ethical leadership centres on which lies the principles of integrity, accountability, transparency, and empathy. The article 'From Concept to Reality: A Roadmap to Designing and Implementing an Ethics Program' describes how embarking the journey of establishing an ethics program in an organization can seem like a daunting task, but is a requirement in today's age. The author through the article 'Ethics and Code of Conduct in Indian Scriptures' showcases how the Indian ethical values have relevance in the past, present, and future. The article on 'Ethics: The Founding Pillar of Good Governance' make the readers think of ethics as the strong base on which good governance stands. The article on 'Ethics, Social Responsibility and Governance' throws an insight into how engaging in unethical behaviour can have both short-term and long term consequences. The author through the article 'Modern Day Ethical Challenges' highlights how leaders and their teams build the reputations of their corporations through high productivity, trust and good deeds shown towards their stakeholders while satisfying competitive demands of the marketplace. Article on 'Can Limited Liability Partnership be Considered Subsidiary of a Company?' discusses on how flexibility in operations and movement of funds, LLP is a preferred option by many corporates.

This month's issue of the Journal also showcases an indepth interaction with CS Indira Kalyan Elesela, an IPS Officer who is also our esteemed member. He is currently serving as the Superintendent of Police, Chhattisgarh. CS Indira Kalyan Elesela has been recently awarded with the Police Gallantry medal.

This month's journal would definitely provide an astute reference for its readers.

Wishing our esteemed readers Happy Teacher's Day.

Happy reading !

CS Asish Mohan
(Editor - Chartered Secretary)



1. ICSI Delegation led by CS Manish Gupta, President, The ICSI met with Shri Brajesh Pathak, Hon'ble Deputy Chief Minister, Uttar Pradesh.
- 2-3. Dr. Manoj Govil, Secretary, MCA met with ICSI President, Vice-President and Council Members at ICSI HQ.
4. CS Manish Gupta, President, The ICSI met Smt. Anita Shah Akella, Joint Secretary, MCA and CEO IEPFA to deliberate upon the growing need for investor awareness and the need to organise dedicated IAPs across the nation.
5. CS B Narasimhan, Vice-President, The ICSI met Dr. Biswajeet Saha, Director, CBSE (Skill) to explore collaboration for skill development & professional education in CBSE schools all across India.
6. ICSI inks MoU with HDFC Bank Ltd for providing exclusive Banking Services to ICSI Members.
7. ICSI delegation met Prof. Srikrishna Deva Rao, Vice Chancellor, NALSAR University of Law, Hyderabad.



8. CS Manish Gupta, President, The ICSI graced the ICSI Rajasthan State Conference organised by Jodhpur Chapter of NIRC of ICSI.
9. CS Manish Gupta, President, the ICSI, and CS B.Narasimhan, Vice- President, ICSI graced the 25th Foundation Day of Raipur Chapter of ICSI, Raipur Chapter also organised the Annual State Conference. CS Indra Kalyan Elesela (IPS), Superintendent of Police, Chhattisgarh was the Chief Guest.
10. 32nd Annual Regional Conference of EIRC of ICSI was organised in the presence of CS Manish Gupta, President, The ICSI, and CS B. Narasimhan, Vice-President, The ICSI. The Programme was graced by CS Radha Kishan Sharma, IPS, ADDL DG of Police, HQ, Odisha as the Chief Guest, and Shri Sridhar Pamarthi, ICLS, RD (Eastern Region), MCA, Govt. of India & Dr. Brahma Mishra, President, Utkal Chamber of Commerce & Industries Ltd. as the Guests of Honour.
11. One day programme for Indian Corporate Law Service (ICLS) Officer Trainees of MCA (2021 Batch - 12th PCP) was organised at ICSI HQ.
12. Hyderabad Chapter of SIRC of ICSI celebrated its 49th Foundation Day. The occasion was graced by Hon'ble Smt. Justice P Madhavi Devi, High Court of Telangana as Chief Guest and CS Parvinder Singh, ICLS, Registrar of Companies (ROC), Telangana as Special Guest along with the ICSI Central Council Members.



13. CS Manish Gupta, President, The ICSI and CS B. Narasimhan, Vice-President, The ICSI addressed the 50th Foundation Day of Ahmedabad Chapter of WIRC of ICSI. Shri Ajay Patel, President of Gujarat Chamber of Commerce & Industry was the Chief Guest.
14. CS Manish Gupta, President, The ICSI addressed the media at a Press Conference organised by Bhubaneswar Chapter of EIRC of ICSI recently.
15. CS Manish Gupta, President, The ICSI addressed a full day seminar organised by Surat Chapter of WIRC of ICSI.
16. CS B.Narasimhan, Vice- President, The ICSI addressed the 'Two day Workshop on 'Research on Critical Issues under Companies Act 2013' organised by ICSI CCGRT-Navi Mumbai jointly with Indore Chapter of WIRC of ICSI at Ujjain.
17. ICSI-NIRC Haryana Research Conclave organised by Gurugram Chapter of NIRC of ICSI on 25th August 2023.



ICSI Global Connect



CS Manish Gupta, President, The ICSI alongwith CS Manish Ghiya, Chairman, ICSI Overseas Centre, Australia met with following dignitaries at Australia



H.E. Mr. Manpreet Vohra, High Commissioner of India to Australia.



Mr. Sanjay K Muluka, Consul (Commerce & Trade) and Mr. Sudip Bhattacharya, Trade & Investment Promotion Officer, Consulate General of India, Sydney.



Mr. Tim Thomas, CEO and Ms. Lisa Bateman, Assistant Director, Center for Australia India Relations (CAIR).



Mr. Irfan Malik, National Associate Chair President NSW, Australia India Business Council.



Officials of Investment New South Wales, Ms. Karla Lampe, Executive Director, Trade, Ms. Alicia Sylvester, Senior Policy Advisor - Office of the Honourable Anoulack Chanthivong MP, Mr. Ali Asghar Shah, Associate Director (India and Middle East) and Mr. Sudhir Basavaraju, Manager - India.



Ms. Megan Motto, CEO, Governance Institute of Australia.



ICSI Members Meet in Sydney.

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THEME

Board's Tryst with **ESG**
and **Making Corporate
Governance Work**
in the New World Economy

2023 ANNUAL
**LONDON
GLOBAL
CONVENTION**
CORPORATE GOVERNANCE &
SUSTAINABILITY



also Presentation of
**Golden Peacock
Awards**

OCTOBER 17 - 20, 2023
LONDON (UK)

CONVENTION HIGHLIGHTS

- Special High-Level Global Business Meet at House of Lords (UK Parliament)
- Meet & Greet with Winners of Golden Peacock Awards on 'Corporate Governance' & 'Sustainability' @ a special presentation ceremony
- Four days of information packed, interactive sessions
- Top technical speakers loaded with professional experience from across industries
- Learn Best Practices from top companies- Business case study presentations on 'Corporate Governance' & 'Sustainability'
- Network with leaders and experts from business, government and policy makers



SPECIAL ADDRESS BY

CS Manish Gupta
President, ICSI

CONVENTION TOPICS

- Board Leadership and Strategy for Leveraging Effective Corporate Governance and Value Chain
- Accounting for Board's Transformational Strategy towards Excellence & the next wave of Growth
- ESG Strategy: The Board's Role in Sustainability
- Enhancing Board Committee Performance
- Converting Risks to Opportunities: Thriving in ambiguous new World Order
- Board's growing focus on Digitalisation, Cyber Risk and Resilience
- Latest Trends in Corporate Governance & Sustainability in New Era

75+ SPEAKERS | 500+ BUSINESS PARTICIPANTS | 20+ COUNTRIES

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Vision

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

Motto

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इष्टाकारेणैव त्वागतेः श्रेयते इयं त्वागतेः।

Mission

"To develop high calibre professionals facilitating good corporate governance"

CS OVERSEAS

Connect with ICSI



Scan the QR for Google form

The ICSI, over the last five decades, has established itself as a pioneer in promoting Corporate Governance, Risk Management, and Compliance. It has been making continuous concerted efforts to provide its stakeholders with opportunities sans boundaries.

In alignment with its Vision **"to be a global leader in promoting good Corporate Governance"**, the ICSI extended its presence overseas in Australia, Canada, Singapore, UAE, the UK, and the USA through the ICSI Overseas Centres.

To take forward the endeavour of establishing a strong commune of ICSI Stakeholders across the globe, the Institute is creating a platform for ICSI Members and Students, residing/working overseas, to connect with their alma mater and contribute to the growth and development of the Company Secretary Profession.

The objective of the initiative is to update the details of our members and students residing outside India and provide them with networking opportunities.

We request all our Members and Students residing or working outside India to kindly fill in the Google Form shared in the link below:

<https://forms.gle/oJua2fQUJkwGUi8x9>

In case of any technical difficulty in submitting the form, you may mail the details at overseas@icsi.edu

We also request you to kindly share this communication with professionals who were at some point associated with the ICSI and are presently residing or working outside India.

CS Manish Gupta
President, The ICSI

CS B. Narasimhan
Vice President, The ICSI

CS NPS Chawla
Chairman, International
Affairs Committee & Council
Member, The ICSI

CS Asish Mohan
Secretary, The ICSI

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Jointly Organising by
Institute of Chartered Secretaries of Bangladesh (ICSB)
&
The Institute of Company Secretaries of India (ICSI)**

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Mohammad Asad Ullah, FCS
President, ICSB

Coordinator



M Nurul Alam, FCS
Senior Vice President, ICSB

Chief Guest



CS Manish Gupta
President, ICSI

Training Topics
Company Law,
Corporate Governance,
CSR, ESG, M & A,
Tax, VAT, GST and
Secretarial Audit

Panel of International Resource Persons



CS Ranjeet Pandey
Former President, ICSI



CS Rupanjana De
Council Member, ICSI



CS Manoj Kumar Purbey
Council Member, ICSI



CS Ashish Mohan
Secretary, ICSI

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&
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पनपे सपने सारे, धीर चले, वीर चले, चले युवा हमारे,
नीति सही रीती नई, गति सही राह नई,
चुनो चुनौती सीना तान, जग में बढ़ाओ देश का नाम।



Dear Professional Colleagues,

With the above words of our Hon'ble Prime Minister, Shri Narendra Modi, spoken from the ramparts of the Red Fort, the zeal, passion and enthusiasm has all been renewed. His words meaning "Nurturing all the dreams, moving steadily, bravely marching, our youth in stride; With the right principles, forging a new way, setting the right pace, a new path; Embrace challenges with steadfast courage, elevate the name of the nation in the world" have placed in our hearts, greater vigour, to step up in our roles and to march with the cavalry and take the nation on the path of glory.

As the nation reaches the southern end of the moon with the successful landing of Chandrayaan-3 on one hand and preps up to play the perfect host to the Leaders of the world with hosting G20 Summit on the other; the sense of delight does not evade us at all. To each one of us, it is a celebration of our age-old principled thought of अतिथि देवो भवः; it is a celebration of वसुधैव कुटुम्बकम्; and it's a celebration of India taking centre stage in the Global Diaspora.

AUSTRALIA : THE LAND OF KANGAROOS

When you start penning down the activities and happenings of the times gone by, it is beyond obvious

that the most recent of memories are playing inside. Each time I have stepped foot beyond the boundaries of this nation, a sense of heightened responsibility has engulfed me - as though I am not representing my own self, the designation or the Institute, but the entire nation.

The sense of pride emanating is beyond words. Each meeting and greeting has left an indelible mark and I am both hopeful and assured that the times ahead are times of collaborations and creative synergies.

I am thankful to H.E. Mr Manpreet Vohra, High Commissioner of India to Australia; Mr. Sanjay K. Muluka, Consul & HOC, Consulate General of India; Mr. Sudip Bhattacharya, Trade & Investment Promotion Officer, Consulate General of India, Sydney; Mr. Tim Thomas, CEO and Ms Lisa Bateman, Assistant Director, Center for Australia India Relations (CAIR). With them I extend my gratitude to the Team of NSW - Mr. Irfan Malik, National Associate Chair President, Australia India Business Council, Mr. Ali Asghar Shah, Associate Director (India and Middle East), Mr Sudhir Basavaraju, Manager – India & Ms. Karla Lampe, Executive Director, Trade, Investment; Ms. Alicia Sylvester, Senior Policy Advisor - Office of the Hon Anoulack Chanthivong, MP, Ms. Megan Motto, CEO, Governance Institute of Australia for according us their valuable time and the meaningful deliberations.

It would not be an exaggeration to say that the hospitality of the ICSI Overseas Centre at Australia under the Chairmanship of CS Manish Ghiya made me feel at home.

My heartiest thanks and gratitude to the entire country !!!

MEETINGS AND GRATITUDE

Some months have more academic deliberations than others. The month of August stood out just to be one. It was during this month that we got the opportunity to meet and greet Shri Brajesh Pathak, Hon'ble Deputy Chief Minister, Uttar Pradesh to share the career opportunities for the youth of the state in the profession, Smt. Anita Shah Akella, Joint Secretary, MCA and CEO IEPFA to create opportunities and avenues of investor awareness; Dr. Biswajeet Saha, Director, CBSE (Skill) to bring to the young minds CS Course and governance education, and Prof. Srikrishna Deva Rao, Vice Chancellor, NALSAR University of Law, Hyderabad for joint collaborations.

Another meeting that stood out for all of us as professionals and for me as the President was by way of a visit accorded to the ICSI Headquarters by Dr. Manoj Govil, Secretary, Ministry of Corporate Affairs along with Shri Manoj Pandey, Joint Secretary, MCA and Govt. Nominee, ICSI.

The ICSI extends its heartfelt gratitude towards the Ministry for considering our request favourably and rolling out a scheme for Condonation of delay in filing of Form-3, Form-4 and Form-11 under section 67 of Limited Liability Partnership Act, 2008 read with section 460 of the Companies Act, 2013. for the benefit of all stakeholders. ICSI presented a total of 9 representations on various issues of law and professional interest, and his receptive approach to each one of them along with our thoughts was a moment to cherish.

On behalf of the entire fraternity, I take this opportunity to thank him once again for his benign presence amongst us.

ICSI TEACHERS WEEK : HONOURING THE GURUS

Ask any person, irrespective of their age or gender, of their school experiences - and what you will have, is a reservoir of endless mischiefs, quirky stories and the trauma of being at the receiving end of rightful bashings. Now ask any one of their favourite teachers - and what you will have is a long list of human beings who have been even if not gods yet no less than god-sends - who have been instrumental in shaping our entire life either by their words or actions - who have been a beacon of light when things around have been grim - and who have with a slight pat on our backs swayed the sails of our ships to our present destinations.

Nonetheless, each one of them has a special place in our heart and a fond spot in our memories. In no way does any of them remember them with bitterness even if we were to tell that there were more sticks than carrots in their teaching methodology. I believe it is for this very reason that the birth anniversary of the erstwhile President of this nation Dr. Sarvepalli Radhakrishnan is till date fondly celebrated as Teachers' Day.

Bowing our heads in reverence before our beloved Teachers and in search for a medium to express our heartfelt gratitude for their contribution in our professional and

personal lives, the Institute of Company Secretaries of India had in the year 2019 launched a unique initiative under the aegis of ICSI TEACHERS' WEEK. An event such as this one can inevitably not be a standalone one time event.

Not only did its success and response received but the platform it created to bring teachers together, kept us going.

This year as we celebrate half a decade of this initiative, I feel grateful towards my predecessors for their foresightedness and extend my best wishes towards all our Chapters and Regional Offices of the ICSI across the length and breadth of this nation for the success of this event.

Happy Teacher's Day to our beloved Gurus !!!

ICSI NCLT CONCLAVE : PRACTICES AND PROCEDURES

Ask any practising professional, as to what do they do - and pat comes the reply that they can pursue any professional activity and assignment with as much ease and grace as would be expected of them. While as their parent Institute, it is a matter of great pride for us, however, it begets upon us a sense of great responsibility - responsibility to guide them, to enrich them with the right amount of knowledge and to hone their skill set, putting in the right amount of efforts just like a woodcutter would do to sharpen his axe before moving towards getting on his job.

Friends has representation before quasi-judicial authorities has been a part of the professional profile of Company Secretaries for far too long a time. The Company Law Board which was constituted under the Companies Act, 1956 - solely for the cases and issues under Company Law - was a respite from the regular judicial mechanism. It was before this Board that Company Secretaries presented themselves on behalf of their client companies - tasting the flavours of representation and advocacy.

The Companies Act, 2013 brought with it a new form of entities - the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT). Both these institutions while providing forums of easing the creases for corporates presented immense opportunities for the Governance Professionals.

However, just as every other opportunity coming our way has required us to step up in our game and come across the best one for the job, representation has been no different. Understanding this need, the ICSI has time and again rolled out various capacity building initiatives. We have had courses on Appearances and Pleadings, dedicated chapters on court craft in study material, Moot Courts organised; all with the intent of giving our members and students a flavour of the real thing and prep them to be the best.

The ICSI NCLT CONCLAVE is an extension of our efforts in this very direction. Having constituted the NCLT Task Force for guiding the way forward in this direction, the Team thoughtfully proposed dedicating a month for organising Seminars and Conferences in all the Chapters and ROs where NCLT Benches have been constituted.

We will be requesting the august presence of the Hon'ble members of these Benches as our Guests so as to have a peep into their thoughts and expectations from us professionals. All in all, the idea is to have platforms for multilateral discussions for us to ace in this area of our profiles. I would urge all the members to make the most of this opportunity and make this event a grand success nation-wide.

Good luck !!!

ARBITRATION DAY : NEW BEGINNINGS

As we complete one full year of having established the ICSI-International ADR Centre on August 31, 2023, it was deemed fit that the day be observed as Arbitration Day. Accordingly, the ICSI Chapters/ Regional Councils and CCGRTs celebrated the Arbitration Day with much enthusiasm calling on Experts in the field to guide the members of the upcoming opportunities and the roles expected of them in the field. We hope to see this celebration continue in the years to follow.

CAPACITY BUILDING : SEMINARS AND WEBINARS

The year 2020 while being remembered for the pandemic and its far-reaching impacts on our lives, is also remembered for one of the most extensive digital transformations. It was this very year that showed to us that even where there seemingly was no way, technology made one - if education by way of physical classes seemed impossible, the online mode brought both tutors as well as the learners together. And today that has become one of the most prominent ways of bringing the Institute, our experts much closer to our members at the touch of a screen, at the click of a button.

In our attempt to assist our members in continuous learning, to keep them abreast with the most recent developments in the legal arena, the Master Knowledge Series was launched in the month of June 2023. The weekly series is not only being widely acclaimed but appreciated for its varied and contemporary topics. In the same spirit and in a similar attempt, we had rolled out a dedicated Webinar series on Alternate Dispute Resolution, and one on MSMEs. Another one for Start-ups will be commencing this month.

I am hopeful that each one of these Webinar Series will be effectively successful in solidifying the skill set and knowledge base of each one of you intending to utilise these opportunities.

Happy learning...!!!!

23RD NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE : TAKING LEGACY FORWARD

"If you're going to live, leave a legacy. Make a mark on the world that can't be erased."

-Maya Angelou

More than two decades ago, the foundations were laid, an Award was instituted and a trend was set. The Institute of Company Secretaries of India took upon itself to motivate the corporates, inspire them and instil in them an optimism - a positive impact of integrating good governance practices into daily routine functions and operations.

While the Award categories might have been dynamic and every few years being witness to a facelift, the inherent driving engine stays the same. Over the years, new Awards have been added to the Kitty shedding light on allied areas of governance.

As we receive this year's applications for the first three Award segments (Corporate Governance, CSR and BRS), answer queries and chalk out our evaluation plans, the heart is filled with joy, ecstasy and pride. Given the overwhelming and unprecedented response, although the final selection of winners will be done by a Grand Jury, for us at ICSI, each and every applicant is a winner in this very moment. Your zeal and intent to be a part of this legacy has left us gratified.

Basking in the same fervour, I would urge all my practising members to apply for the ICSI Best PCS Firm Award and ICSI Best Secretarial Audit Report Award, the applications for which have been opened as we talk.

My best wishes to all of you !!!

51ST NATIONAL CONVENTION : HAVE YOU REGISTERED ?

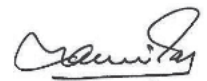
Yes we have opened registrations, we have also called for Articles for the Souvenir, but the question remains – Have you registered ? Have you sent in your articles ? The ICSI National Convention of Company Secretaries, till date, remains the biggest event of the Institute, calling on professionals from across the nation; fostering relationships and bonds like none else, and giving out lifelong learnings for the road ahead. It is an event; no Company Secretary can afford to miss. So come one, come all; bring in your besties and partners and join us in creating history along with immense memories on the Ghats of Banaras on the 2-3-4 of November, 2023.

Awaiting to welcome you all...

On that note of a memorable month gone by, and a peep into the future,

Happy reading !!!

Yours Sincerely



CS Manish Gupta
President, ICSI



INITIATIVES UNDERTAKEN DURING THE MONTH OF AUGUST, 2023

INITIATIVES FOR MEMBERS

GLOBAL OUTREACH

INTERNATIONAL GOVERNANCE LEADERSHIP CONFERENCE 2023, SYDNEY, AUSTRALIA

CS Manish Gupta, President, ICSI, and CS Manish Ghiya, Chairman, ICSI Overseas Centre, Australia, participated in the International Governance Leadership Conference 2023, organized by the Governance Institute of Australia on the theme, the Culture Matrix – Shaping Future-fit Governance, on 28-29 August 2023, in Sydney, Australia.

During the visit, the ICSI Leadership met with the following dignitaries :

- H.E. Mr. Manpreet Vohra, High Commissioner of India to Australia in Canberra to discuss organizing Capacity Building Programmes for officials of the High Commission.
- Mr. Sanjay K Muluka, Consul (Commerce & Trade), and Mr. Sudip Bhattacharya, Trade & Investment Promotion Officer, Consulate General of India, Sydney, to discuss capacity building for Company Secretaries in Australia.
- Officials of Investment New South Wales, Ms. Karla Lampe, Executive Director, Trade, Ms. Alicia Sylvester, Senior Policy Advisor - Office of the Honourable Anouack Chanthivong MP, Mr. Ali Asghar Shah, Associate Director (India and Middle East) and Mr. Sudhir Basavaraju, Manager – India, to propagate Ease of Doing Business in India.
- Mr. Tim Thomas, CEO, and Ms. Lisa Bateman, Assistant Director, Center for Australia India Relations (CAIR) to discuss professional opportunities for Indian Company Secretaries in Australia.
- Mr. Irfan Malik, National Associate Chair President NSW, Australia India Business Council to discuss the role of Company Secretaries in helping set up businesses In India.

Apart from these, CS Manish Gupta, President, The ICSI met with ICSI members based in Sydney, Australia to establish a connection and facilitate networking opportunities.

MEETINGS AND GREETINGS

During the month, ICSI delegation met with the following dignitaries:

- Shri Brajesh Pathak, Hon'ble Deputy Chief Minister, Uttar Pradesh

- Dr. Manoj Govil, Secretary, MCA
- Smt. Anita Shah Akella, Joint Secretary, MCA and CEO IEPFA
- Prof. Srikrishna Deva Rao, Vice Chancellor, NALSAR University of Law, Hyderabad
- Dr. Biswajeet Saha, Director, CBSE (Skill)

51ST NATIONAL CONVENTION OF COMPANY SECRETARIES: REGISTRATIONS OPEN

The 51st National Convention of Company Secretaries is scheduled to be held during November 2-3-4, 2023 on the theme **India@G20: Empowering Sustainable future through Governance & Technology** at **Deendayal Hastkala Sankul (Trade Centre & Craft Museum), Varanasi, Uttar Pradesh**. It is an opportunity to witness this mega event in one of the ancient cities of the world that exudes spirituality, cultural richness, and historical significance. The Convention will bring together professionals, experts, and policymakers from the Government, Regulators, Industry and Academia to discuss and deliberate on the role of governance and technology in achieving a sustainable future. We are delighted to call upon you to register for this mega event by visiting the weblink: <https://tinyurl.com/58y3c58n>

WEBINAR ON CONDONATION OF DELAY UNDER LLP ACT, 2008

The Ministry while considering our request favourably rolled out a scheme for *Condonation of delay in filing of Form-3, Form-4 and Form-11 under section 67 of Limited Liability Partnership Act, 2008 read with section 460 of the Companies Act, 2013*. To create a better understanding of the same the Institute organised a Webinar on August 24, 2023 at 5:30 PM which was addressed by Shri Manoj Pandey, Joint Secretary, MCA and Government Nominee, ICSI; Shri Sanjay Jain, Director, MCA; R C Mishra, Joint Director, MCA and other LTI officers.

MASTER KNOWLEDGE SERIES: EEE

The ICSI, with the intent of reviving, refreshing and sharpening the knowledge of its members on the Companies Act, 2013 and SEBI Regulations has launched a Master Knowledge Series: EEE: Enable, Evaluate, Excel. The capacity building initiative is an attempt to keep members abreast of the various amendments in these laws and to enable them to brush up their knowledge on the subjects. During the month, following webinars were conducted:

Date	Topic	Faculty	Links
August 02, 2023	Managerial Remuneration and KMP	CS Devendra V Deshpande Former President The ICSI	youtu.be/w2giRfyNc0A?si=E2Gfk0nw26ezZABI
August 09, 2023	ESG – Emerging role of Company Secretaries	CS Priyadarshini Mahapatra Company Secretary Syngene International Limited	youtube.com/live/uMa33JrI9Hw?si=19vRG4c25rtlAw3c
August 16, 2023	Share Capital – Buyback, Reduction and Redemption	CS (Dr.) K. S. Ravichandran Managing Partner KSR & Co Company Secretaries LLP	youtube.com/live/XqMgvsfDVhU?si=yOFZf83uAvCeeK9x
August 29, 2023	Lending and Investments under Companies Act, 2013	CS Makarand Joshi Founder, Makarand M. Joshi & Company	youtube.com/live/x-N1D5GMmW4?si=bBUopgLXgoV06kyf

WEBINAR SERIES ON MSMEs

A series of 5 webinars were conducted on a weekly basis touching upon significant areas pertaining to MSMEs to guide members so as to render them capable in supporting and strengthening governance frameworks in these entities. During the month, following webinars were conducted:

Date	Topic	Faculty	Links
August 14, 2023	MSMEs: Policy, Framework and Opportunities for Company Secretaries	CA G B Modi Senior Managing Partner Modi & Agrawal, Chartered Accountants	youtube.com/live/tFye_2CGvmvg?si=-9mLmT9kWP4hbBpH
August 21, 2023	MSMEs: Monetary and Recovery Framework	Adv. Jeetender Gupta Advocate-On-Record Supreme Court of India	youtu.be/9NQ2_wlkKiNk?si=9QV6XTOfU_hWzot
August 28, 2023	MSMEs: Financing Options & Modes and Other Related Issues	CS (Dr.) Ajay Garg Registered Valuer, Corporate Counsel	youtube.com/live/7YuAsv-87PA?si=CX90LACYw2XqeRHI

VIEWS/REPRESENTATIONS/SUGGESTIONS SUBMITTED

Purpose	Authority	Date
Request to include the qualification of Company Secretary in Rule 37B of the Multi- State Co-operative Societies (Amendment) Rules, 2023	Shri Gyanesh Kumar, Secretary, Ministry of Co-operation	August 24, 2023
Request to recognize “Company Secretaries (CS)” as eligibility criteria/qualification for empanelment as an Arbitrator/Conciliator under the SFCA Rules submitted to	Director General, SCOPE	August 24, 2023
Appointment and Removal of Secretarial Auditor under the Companies Act, 2013	MCA	August 24, 2023
Pending issues of stakeholders on MCA-21 V3 Portal as solicited upon by the Ministry	MCA	August 24, 2023
Proposed amendments to Section 138 under the Companies Act, 2013 for Internal Audit	MCA	August 24, 2023
Simplification of e-forms filed under Companies Act, 2013 and rules made thereunder	MCA	August 24, 2023
Introduction of compliance mechanism to promote governance in Small Companies	MCA	August 24, 2023
Filing of resignation by KMPs under the Companies Act, 2013	MCA	August 24, 2023
Amendments in Section 77 of the Companies Act, 2013	MCA	August 24, 2023
Request to allow Company Secretaries to file particulars of changes	MCA	August 24, 2023
Request for amendment in section 204 and section 149(6) (e) (ii) (A) of the Companies Act, 2013	MCA	August 24, 2023

JOINT PROGRAMMES

- The ICSI joined as Associate Partner in the “**Residential Workshop on Corporate Governance**” & “**Workshop on Corporate Social Responsibility (CSR)**” organized by **National Academy of Human Resources Development (NAHRD)** from August 2, 2023 to August 5, 2023 at Leh, Ladakh. CS R Venkata Ramana, Council Member, The ICSI represented the Institute as a Guest Speaker on ‘Workshop on Corporate Governance’.
- The ICSI joined as Knowledge Partner in the webinar on “Recent Changes in GST-Laws and Legal Jurisprudence” organised by **PHD Chamber of Commerce & Industry** on August 25, 2023.

ONE DAY PROGRAMME FOR ICLS OFFICERS

The Indian Corporate Law Service Academy (ICLSA) under Ministry of Corporate Affairs had communicated ICSI regarding On-the-Job Training of Indian Corporate Law Service (ICLS) Officer Trainees of 2021 Batch (12th PCP) with various arms of the Ministry in the National Capital Region. Accordingly, the ICSI organised One Day Programme for ICLS Officers Trainees at ICSI Headquarters, New Delhi on August, 25, 2023.

TRAINING PROGRAMME FOR EMPANELMENT OF PEER REVIEWERS

On the demand of the members, the 2nd batch of online training programme for empanelment of Peer Reviewers was organized during 21-25 August, 2023. More than 50 members attended the online training programme. The online assessment of the participants will be conducted on 15-16 September, 2023. Participants successfully completed the assessment and meeting the eligibility criteria shall be empanelled as Peer Reviewers.

ANNOUNCEMENTS OF PMQ RESULTS

Results for PMQ Examination on Corporate Governance, Internal Audit and Arbitration held in June 2023 were released on 25th August 2023 along with the results of five Certificate Courses and four Crash courses in the Award Ceremony. Also, the online assessment for Crash Course on PMLA and AML was conducted between 11th August to 21st August 2023. The online classes for PMQ December 2023 session and various Certificate Courses are in progress.

MEMORANDUM OF UNDERSTANDING WITH HDFC BANK LTD

ICSI signed a Memorandum of Understanding with HDFC Bank Ltd. on August 8, 2023, whereby the bank would offer its personalized facility while opening Savings Bank Account (HDFC Bank Savings Max Account) to the Members of ICSI.

PLACEMENT OPPORTUNITIES FOR COMPANY SECRETARIES

The ICSI stands committed to help all the associated companies and availing the services extended by the cell to conduct their recruitment drives for the position of

Company Secretary/ CS Trainee in a time bound, hassle-free and mutually beneficial manner, and to help the members and students in getting the right placement offer. The Institute receives requests from various offices of the Government/ PSUs/ Banks/ Corporates regarding the positions of Company Secretary/ CS Trainee from time to time and resumes of eligible Members and Students are sent to them.

During the month, following placement opportunities were posted on the Placement Portal:

Company Secretary Trainees and Members requirement at various Government Offices/PSUs/Banks/Corporates		
S. No.	Department / Organization	Designation
1.	Amagi Media Labs Private Limited	Executive - Corporate Secretarial
2.	Amara Raja Electronics Limited	Company Secretary
3.	Amartex Industries	Company Secretary
4.	Armoured Vehicles Nigam Limited	Assistant Company Secretary
5.	C-DAC	Multiple Positions
6.	CSC E-Governance Services India Limited	Company Secretary
7.	Cyber Media (India) Limited	Executive- Company Secretary
8.	Gujarat State Petroleum Corporation Limited	Assistant Manager (S&L)
9.	HCL Technologies Limited	Company Secretary
10.	HPCL	General Manager
11.	HSCC (India) Limited	Company Secretary
12.	Hubner Interface Systems India Private Limited	Company Secretary
13.	ICSI	Multiple Positions
14.	India International Convention & Exhibition Centre Ltd	Company Secretary
15.	Innotex India Pvt Ltd	Company Secretary
16.	IRDAI	Young Professionals
17.	JK Agri Genetics Limited	Company Secretary
18.	Mahindra Lifespace Developers Limited	Assistant Manager - CS
19.	Mazagon Dock Shipbuilders Limited	Deputy General Manager
20.	Modi Naturals Limited	Assistant Company Secretary
21.	National Highways & Infrastructure Development Corporation Ltd (NHIDCL)	Company Secretary
22.	Oil Field Warehouse & Services Private Limited	Company Secretary
23.	Power Grid Corporation of India Limited	Company Secretary

24.	Powergrid Infrastructure Investment Trust	Company Secretary Professional
25.	Quadrillion Finance Private Limited	Manager - Company Secretary
26.	RE Sustainability Limited	Deputy Manager - Secretarial
27.	Rites Limited (A Govt. of India Enterprise)	Junior Manager - CS
28.	Securities and Exchange Board of India	Executive Director
29.	SIS Limited	Assistant Company Secretary
30.	SMS Pharmaceuticals Limited	Assistant Company Secretary
31.	Suresh Gyan Vihar University	Professor of Practice
32.	Talcher Fertilizers Limited	Chief Manager–Legal & CS
33.	TCPL Packaging Limited	Company Secretary
34.	The Clearing Corporation of India Ltd.	Assistant Manager
35.	TP Northern Odisha Distribution Limited	Assistant Company Secretary
36.	United India Insurance Company Limited	Company Secretary
37.	Uranium Corporation of India Limited	Assistant Manager – CS
38.	Vibrant Energy	Company Secretary

STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on 29th August, 2023)

Registered Users			Total no. of Vacancies
Members	Students	Corporates	Jobs/ Trainings
290	416	119	174

CAMPUS PLACEMENT PROGRAMME

The Campus Placement Programme of the Institute provides a unique opportunity to corporates to peruse the profiles of qualified young and experienced Company Secretaries, interview them and select those ones whoever suits their requirement. Campus Placement drive is a one-stop solution for corporates and members. Following Campus Placement Drives were conducted in the month of August 2023:

- RD (WR), Ministry of Corporate Affairs, Mumbai
- DGCoA, Ministry of Corporate Affairs, Delhi
- RD(SR), RoC, Ministry of Corporate Affairs, Chennai
- RD(NR), Ministry of Corporate Affairs, New Delhi
- RoC, Ministry of Corporate Affairs, Mumbai
- RoC, Ministry of Corporate Affairs, Pune

- Indian Renewable Energy Development Agency Limited (IREDA)

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

Workshops

Date	Topic
August 5, 2023	Penal Provisions under IBC Laws & Best Practices by IPs
August 19, 2023	Learner's Session on Committee of Creditors
August 26, 2023	Practical Intricacies Related to Personal Guarantor

Webinars

Date	Topic
Every Wednesday (August 2-9-16, 2023)	Webinar Series on Reviewing Regulations notified under Insolvency and Bankruptcy Code, 2016
August 11, 2023	Drafting & Negotiation of Resolution Plans
August 18, 2023	Anatomy of IBC Case Laws – 6

Certificate Course on Insolvency & Bankruptcy Code, 2016

Session of “Certificate Course on Insolvency & Bankruptcy Code, 2016-Batch 5” held on 23rd August, 2023.

ICSI REGISTERED VALUERS' ORGANISATION

50 Hours Online Education Course

ICSI RVO conducted “50 Hours Educational Programme” from August 31, 2023 to September 06, 2023.

Ongoing Batch-3 of Certificate Course on valuation of SFA announced

ICSI RVO jointly with ICSI has started the Third batch of “Certificate Course on Valuation of Securities or Financial Assets”.

Refresher Course on Valuation of Securities and Financial Assets

ICSI RVO Conducted Refresher Course on Valuation of SFA on 13th & 14th August, 2023.

Case Study Workshop

The Company has conducted two Case Study Workshops on 20th August, and 27th August, 2023 on the Topic of: “Case Study Workshop on business and equity Valuation” and “Case Study Workshop on preference share Valuation”.

ICSI INTERNATIONAL ADR CENTRE WEBINAR SERIES ON ALTERNATE DISPUTE RESOLUTION

Date	Topic	Faculty	Links
Interplay of various laws with Arbitration provisions	Mr. Chirag Balyan, Asst. Prof. (Law), Maharashtra National Law University, Mumbai	August 04, 2023	youtube.com/live/4r424 opgf PA?si=IS-gTW xnp3B6sFCX
Arbitral Award	Mr. Ramasubramanian MD, Adroit ADR Consultants	August 11, 2023	youtube.com/live/jTGG0A9sm4Y?si=06 AM2w W15AX3 FcA6

CELEBRATION OF ARBITRATION DAY

The Institute has incorporated a Section 8 Company namely ICSI International ADR Centre vide dated August 30, 2022 with the intent of creating a conducive ecosystem one which aids the existing judicial structure - helps in the de-clogging of the courts and provides justice at a speed unparalleled. The thought is to take this initiative across the various cities wherein ICSI possesses good infrastructural facilities. The ADR Centre is ICSI's attempt to support the nation's judicial ecosystem thus strengthening the overall governance ecosystem. In this regard, Arbitration Day was observed during 26th September- 3rd September, 2023 by the various Regional Offices and Chapters of ICSI PAN India.

ICSI-CCGRTs

ICSI-CCGRT MUMBAI

- ODOP (One Day Orientation Program) conducted on 10th August, 2023. 45 students across the state attended the program.
- Workshop on Companies Act, 2013: Navigating Key Considerations & Funding Options on Saturday, 19th August, 2023. Parallely, on the same day, a free eye check-up camp was organized for the members, extending their care beyond professional knowledge to the participants' well-being.
- 2-days Workshop on Research on Critical issues under Companies Act, 2013 conducted jointly with Indore Chapter of WIRC of ICSI.
- Three batches of ODOP (One Day Orientation Program) organized on August 29, 2023, drawing the participation of more than 130 students from across the state.

ICSI-CCGRT HYDERABAD

- 5th batch of Madhyastha Ek Vikalp: Advanced Simulation Training Program on Commercial Arbitration conducted during August 4-6, 2023.
- 10th Batch of 15 days Residential Corporate Leadership Development Program (CLDP) held during August 8-23, 2023.

INITIATIVES FOR EMPLOYEES

- *Training on "Advantage - Effective Communication, Customer Focus & Professional Excellence".*

Two days training programme was conducted on 11th and 28th August, 2023 for employees of the level of Junior Executive Assistant to Executive on the topic "Advantage Effective Communication, Customer Focus & Professional Excellence". The training was conducted in two batches; one for the employees posted at HQ Lodi Road at India International Centre and the other one at Noida Office. Mr. Suneel Keswani, Corporate Trainer undertook the session and a total of 61 employees participated in the programme.

- *Workshop on "World Is Transforming What About You" by Bramha Kumaris*

A Residential workshop titled "World Is Transforming What About You" was conducted by Prajapita Bramha Kumaris Ishwariya Vishwa Vidyalaya from 12th- 13th August, 2023 at Brahma Kumaris Retreat Centre, Manesar, Haryana for the employees of the Institute. 11 employees took part in the workshop.

- *Service Award Function on 15th August, 2023*

On the occasion of 77th Independence Day, a Service Award Function was organized, alongside Independence Day Celebrations, to recognize the employees who have rendered 15, 20, 25, 30 & 35 years for their relentless and dedicated service to the Institute. In the function, 12 employees received the Award from the President CS Manish Gupta, under different categories of awards, which was aired live across locations.

- *Webinar on "Lung Cancer and Allied Diseases" by Dr. Reddy's Foundation*

A webinar was organized on 18th August, 2023 on the topic "Lung Cancer and Allied Diseases" by Dr Reddy's Foundation for the benefit of ICSI employees and pensioners. All employees/veterans participated in the webinar presented by Dr. Kiran Kumar Sajjanshetty, Consultant Medical Oncologist.

INITIATIVES FOR STUDENTS

ICSI TEACHER'S CONFERENCES BEING ORGANISED IN SEPTEMBER 2023

To empower educators, ICSI is organising Teacher's Conference in the month of September 2023. One Teachers' conference will be organized for teachers of Class 11th & 12th of Higher Secondary Schools and another teachers' conference will be organised for faculty members of various Universities / Colleges, preferably from Department of Commerce and Law.

ONLINE QUIZ ON CURRENT AFFAIRS AND GENERAL KNOWLEDGE 2023

The Institute, through a novel initiative, for creating awareness about the profession is organising Online Quiz on Current Affairs & General Knowledge. There is no participation fee and the students can register in the following category:

Students pursuing 11&12 class of any stream/ Students passed 12th/ pursuing Graduation. The three rounds of quiz will be conducted - prelims, semi-final and final on different dates and the winners in each Category will be awarded with cash prizes. The link to register is <https://icsigk.azurewebsites.net/>

ALL INDIA COMPANY LAW QUIZ 2023

The objective of this competition is to enhance the knowledge level of students in Company Law and allied areas and to generate interest among the students for in-depth study of the subject including greater conceptual clarity. All students of the Institute having a valid registration number as on 31st May 2023, were eligible to participate in All India Company Law Quiz-2023. The Registration for the competition starts from 20th April 2023 till 31st May 2023 through online mode. Accordingly, all eligible students participated and appeared in preliminary round and it was successfully conducted via online mode on 30th June 2023 Quarter Final Round of AICLQ was also successfully conducted on scheduled date i.e., July 14, 2023. The Schedule of Rounds of the Competition will be held via Online/ Physical Mode as per the following schedule:

Preliminary Round	June 30, 2023 Online Mode (MCQ Pattern) (10 am to 5 pm)
Quarter Final Round	July 14, 2023 Online Mode (MCQ Pattern) (10 am to 5 pm)
Semi Final Round	August 1, 2023 Online Mode (MCQ Pattern) (10 am to 5 pm)
Final Round	September 16, 2023 (Physical at Nagpur)

ICSI WAIVER/ CONCESSION SCHEME FOR INDIAN ARMED FORCES, PARAMILITARY FORCES, AGNIVEERS AND FAMILIES OF MARTYRS

The Institute in alignment with the various initiatives of Govt. of India has launched ICSI Waiver/ Concession scheme for Indian armed forces, paramilitary forces, Agniveers and families of Martyrs. Under the scheme, 100% concession will be given to the following categories in full Fee payable at the time of Registration in CS Executive programme. While all other fees, including those for trainings be applicable in full as per their respective category.

- Wards and widows of martyrs (who have died during service; either during battle casualty or due to any other reason) of Indian Army, Indian Air Force, Indian Navy and all para-military forces.
- In Service/ Retired personnel of Indian Army, Indian Air Force, Indian Navy and all para military forces (including defence personnel who have taken retirement under short service commission).
- Wards of all personnel of Indian Army, Indian Air Force, Indian Navy and all para military forces (including wards of defence personnel who have taken retirement under short service commission).
- Candidates who are inducted as “Agniveer” under AGNEEPATH Scheme of the Government of India after completing four years under the Scheme (upon submission of documentary evidence for the same).

TRAINEE DRIVE

The Trainee Drive of the Institute provides training opportunities to its students to place them in corporates to enhance their professional understanding. Following Trainee Drives were conducted in the month of August 2023:

- RoC, Ministry of Corporate Affairs, Delhi
- RoC, Ministry of Corporate Affairs, Jaipur
- RoC, Ministry of Corporate Affairs, Shillong
- Ministry of Corporate Affairs, Cuttack
- RD Office, Ministry of Corporate Affairs, Kolkata
- RD (SR), Ministry of Corporate Affairs, Chennai
- Tata Chemicals Limited

ICSI SAMADHAN DIWAS

Samadhan Diwas was launched by the Institute on February 27, 2021 with the objective of providing “on-the-spot” resolution to issues/grievances of trainees and trainers. During the Samadhan Diwas, the officials of Directorate of Training interact with the trainees and trainers and provide them the resolution to their grievances.

The 34th Samadhan Diwas was organized on August 09, 2023 through virtual mode in the presence of officials of all designated offices of the Institute. The purpose of the Samadhan Diwas is to facilitate the stakeholders to resolve their queries on the spot. In the Samadhan Diwas students get opportunity to present their cases and directly interact with the ICSI officials.

REVISION IN THE FEES FOR UNDERGOING 15 DAYS RESIDENTIAL CLDP

The Council of the Institute, at its meeting held on July 13, 2023 has prescribed the fees for undergoing 15 days Residential Corporate Leadership Development Programme to Rs 22,000 (Inclusive of Stay and all Meals, Study Material /CLDP Kit, Stationery Items).

ICSI CLASSES AT REGIONAL/ CHAPTER OFFICES FOR DECEMBER 2023 EXAMINATIONS

Classes are being conducted by Regional/Chapter Offices for the students appearing in December 23 Examination. Details of Regional/Chapter offices conducting classes are available at the following link. <https://www.icsi.edu/media/webmodules/websiteClassroom.pdf>

REGISTRATION FOR CLASSES BY REGIONAL/ CHAPTER OFFICES AT THE TIME OF EXECUTIVE PROGRAMME REGISTRATION

Institute has facilitated Executive Programme students to register directly for the Executive Programme classes at the time of Executive registration. Executive Programme students can now register directly for the Executive Programme classes conducted by the Regional/Chapter Offices at the time of Executive Programme registration. This will help the students to join classes at their nearest Regional/chapter Office.

GO-LIVE OF PROFESSIONAL PROGRAMME REGISTRATION FOR NEW SYLLABUS 2022 FROM AUGUST 01, 2023

Automation of Professional Registration of New Syllabus 2022 with two elective subjects on SMASH w.e.f. 1st August 2023. Announcement pertaining to Professional Registration under New Syllabus 2022 available at Institute's website or at the following url : <https://www.icsi.edu/media/webmodules/AnnouncementProfessionalNewSyllabus22082023.pdf>

CONFIGURATION OF DECEMBER 2023 ENROLMENT SETUP FOR EXECUTIVE NEW SYLLABUS (2022), EXECUTIVE & PROFESSIONAL OLD SYLLABUS 2017

The first examination for Executive New Syllabus (2022) shall be conducted from December 2023 and accordingly the system has been successfully configured to enrol students for December 2023 session of examination. Subsequently Enrolment Setup also activated for Executive & Professional Old Syllabus (2017) students.

NEW FACILITY TO CHANGE PROFESSIONAL ELECTIVE SUBJECT WITH REQUISITE CHANGE FEE AFTER ENROLLING FOR CS EXAMS

After submitting the enrolment form, the Institute has received numerous requests to modify the elective subject. To facilitate these students, the Institute has decided to accommodate change requests with the requisite change fee from December 2023 Session onwards according to the schedule below:

Enrolment Services after submission of Enrolment Form for December 2023 session of Examination Change of elective subject	11 th October 2023 to 20 th November, 2023 Up to 16:00 Hours
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PAPER WISE EXEMPTION ON THE BASIS OF HIGHER QUALIFICATIONS

The Institute has decided that the students enrolling into the Company Secretary Course under New Syllabus, 2022 shall be eligible for paper-wise exemption (s) based on the higher qualifications acquired by them. Accordingly, necessary announcement including process of claiming paper-wise exemption has been shared through following link for information to all concerned: https://www.icsi.edu/media/webmodules/ATTENTION_STUDENTS_RECIPROCAL_EXEMPTION_NEW_SYLLABUS_2022_Updated.pdf

PROFESSIONAL PROGRAMME PASS CERTIFICATE OF ICSI IN DIGILOCKER

The Institute decided to issue Professional Programme Pass Certificate online via DIGILOCKER. The same initiative was Launched at 50th National Convention of ICSI at Kolkata with the support of the National e-Governance Division (NeGD), Ministry of Electronics and Information Technology (MeitY), Govt of India. The students who passed on or after June 2021 Session of Examination can download Professional Pass Certificate from DIGI Locker. Announcement and Communication via Bulk Mail has been sent to students for extracting their Professional Pass Certificate for June 2022 & December 2022 Session of Examination

TRANSCRIPTS & EDUCATION VERIFICATION

It has been observed that on completion of Course the professionals are also applying for Foreign Courses /degrees /or immigration based on CS Qualification. 43 No of such Transcripts were issued in this line in the month of July 2023 under review.

Likewise, on request of the employer/PSU/government authorities and other Education verifier agencies, 14 education verification requests of CS students were processed in the month of July 2023.

ACTIVATION OF SWITCHOVER OPTION FOR EXECUTIVE OLD SYLLABUS (2017) STUDENTS

The Institute has notified that candidate who have registered under the CS Executive Old Syllabus (2017) can switch over to CS Executive New Syllabus (2022) comprising 7 papers. Accordingly, the portal for switchover from old syllabus (2017) to New Syllabus (2022) will be activated for Executive Programme Students w.e.f., 2nd May 2023.

Till date, 3468 students have switched from the old executive syllabus (2017) to the new executive syllabus (2022). https://www.icsi.edu/media/webmodules/Declaration_to_cater_switchover_Request_of_executive_&_professional_old_ysllabus_students.pdf

REAL TIME GUIDANCE FOR STUDENTS

The Institute has prepared Frequently Asked Questions (FAQs) on the queries received from Stakeholders / Students to give more clarity on the issues and real time guidance. The FAQs are hosted on website at:

FAQ for Executive Switchover https://www.icsi.edu/media/webmodules/Executive_FAQ_SW_23022023.pdf; https://www.icsi.edu/media/webmodules/Declaration_to_cater_switchover_Request_of_executive_&_professional_old_ysllabus_students.pdf

FAQ for Professional Switchover to New Syllabus: https://www.icsi.edu/media/webmodules/Executive_FAQ_SW_23022023.pdf

COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

- CSEET (July 2023 session) result declared**

Result for CSEET July 2023 session held on July 30, 2023 and August 01, 2023 through remote proctored mode was declared on August 09, 2023.
- CSEET classes (November 2023 session)**

CSEET Classes are being conducted by Regional/Chapter Offices for the students appearing in CSEET to be held in November 2023. Details of Regional/Chapter offices conducting classes are available at the following link: <https://www.icsi.edu/media/webmodules/websiteClassroom.pdf>
- Registration for CSEET Classes at the time of CSEET Registration**

CSEET students can now register directly for the CSEET classes conducted by the Regional/Chapter Offices at the time of CSEET registration. This will help

the students to join classes hassle free at their nearest location. Link to register https://smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx

- **Exemption to Graduates and Post Graduates from appearing in CSEET and enabling them to take direct admission in CS Executive Programme**

The Institute has decided to grant exemption to the following categories of students from appearing in CSEET enabling them to take direct admission in CS Executive Programme.

Graduates (having minimum 50% marks) or Post Graduates (without any criteria of minimum % of marks) in any discipline of any recognized University or any other Institution in India or abroad recognized as equivalent thereto by the Council.

To get exemption from CSEET on the basis of above qualification, such students shall be required to pay applicable exemption fees along with the requisite registration fees for the Executive Programme. For more details, please click https://www.icsi.edu/media/webmodules/granting_exemption_230621.pdf

- **Paper bound CSEET Reading Material to be provided mandatorily to all students**

The Institute has decided that the *CSEET Guide – I* (Business Communication, Legal Aptitude and Logical Reasoning, Economic and Business Environment) and *CSEET Guide – II* (Current Affairs) will be sent to all the students registering for CSEET by post, for which ₹ 500 will be taken at the time of registration from the students registering for CSEET in addition to ₹ 1000 (CSEET Registration fee).

- **CSEET Reference Reading Material (I and II) will be provided on optional basis to all students at the time of CSEET registration**

CSEET Reference Reading Material (I and II) will be provided optionally to all the students at the time of CSEET registration. Students are required to remit ₹ 1000 in addition to ₹ 1500. The same is available at: <https://www.icsi.edu/reference-reading-material/>

ACADEMIC INITIATIVES

- **Student Company Secretary and CSEET Communique**

The Student Company Secretary e-journal for Executive/ Professional programme students of ICSI and CSEET Communique covering the latest update on the subject on the CSEET have been released for the month of August, 2023. The journals are available on the Academic corner of the Institute's website at the link: <https://www.icsi.edu/e-journals/>

- **Research Tab under Academic Portal for students**

A new research tab has been added under the Academic Portal to sensitize the students on emerging issues through research based academic outputs. As a maiden initiative, a brief research study on 'Exploring Financial Cataclysm of Silicon Valley Bank (SVB) and Analysing Credit Suisse Fiasco Tangentially' is uploaded. The Research Tab can be accessed at <https://www.icsi.edu/student-n/academic-portal/research-corner/>.

- **Recorded Video Lectures**

ICSI has been recording video lectures of eminent faculties for the students of ICSI which help them to prepare for the examination. Students of the Institute can access recorded videos available on the E-learning platform by logging in to <https://elearning.icsi.in>

Login credentials are sent to all registered students at email. After successful login, go to "My courses" or "My Communities" section, where you can find the recorded videos and other contents.

- **Info Capsule**

A Daily update for members and students, covering latest amendment on various laws for benefits of members & students available at <https://www.icsi.edu/infocapsule/>

ICSI ACADEMIC CONNECT

- MoU with Gujarat National Law University, Gandhinagar on August 04, 2023.
- MoU with MATS University (Raipur) C.G. on August 05, 2023.

JOINT PROGRAMMES WITH UNIVERSITIES UNDER "ICSI ACADEMIC CONNECT"

ICSI conducted Joint Programmes with various Universities under "Academic Connect initiative" of ICSI in the month of August. The programmes were conducted on varied topics viz: Intellectual Property Rights Law & Practice, Corporate Governance, Strategic Management, Industrial relations in present scenario, Company law & Corporate Governance. Career awareness sessions were also included while conducting these sessions to create awareness amongst the students of the Universities/Institutes with whom ICSI has entered into MoU.

ICSI STUDY CENTRES

- Aurangabad Chapter renewed Study Centre MoU with ICSI Jalgaon Study Centre on August 04, 2023.
- Guwahati Chapter signed Study Centre MoU at BP Chaliha College, Nagarbera, Kamrup, Assam, on August 23, 2023.

ICSI CAREER AWARENESS

- ICSI participated in a Career Carnival at Kulachi Hansraj Model school, Delhi on August 10, 2023.
- ICSI participated in a Career Carnival at Cambridge International School, Noida on August 18, 2023.
- ICSI Conducted extensive Career Awareness Programmes in various Schools and colleges in the country to sensitise the students, parents and teachers about the CS Profession.
- ICSI through the support of Ministry of Defence is conducting extensive Career Awareness Programmes in various Army Public Schools across the country to sensitise the students, parents and teachers about the CS Profession.



CS Indira Kalyan Elesela, Superintendent of Police, Chhattisgarh

CS INDIRA KALYAN ELESELA is an IPS Officer of 2011 batch and is serving in Chhattisgarh Cadre. He did his initial education in Vijaywada and higher education from Nagarjuna University with post graduation in Anthropology from University of Hyderabad and M.Phil in Anthropology. He also specialises in Cyber Law and Cyber Forensics from National Law School Bangalore. He is also an Associate Company Secretary.

CS ELESELA had several Postings as Superintendent of Police beginning with his probation in Raipur district. He is Recipient of Police Medal for Gallantry in 2019 and 2020.

At the outset, please accept our heartiest congratulations on being decorated with the Police Gallantry Award. How has this entire journey been and how would you word your experience on this remarkable achievement?

Thank you very much. I had the privilege of leading a wonderful operations team while in Bijapur district. Getting the Police Medal for Gallantry twice was because of my team.

The journey thus far, since 2011 when I joined in Indian Police Service has been one of great adventure, learning and “unlearning” and yes replete with responsibility and reward.

What exactly inspired you to become a Company Secretary as well as a Superintendent of Police? How does being a Governance Professional help in your line of duty as Superintendent of Police?

While doing college (12th Class actually) I explored options for a bright career. Most of my friends opted for CA but I chose CS as I always had an interest in law and thought that corporate governance would be a major area in future. My entrance into civil services that too in Indian Police Services is entirely because of my father. My Father was a clerk in Indian Railways and it was his dream that at least one of us (we are 4 brothers) should become a civil servant.

Governance, if I may say is aimed at the implementation of law aimed at the welfare of people. Law, if not equitable can become an instrument of oppression. As a police officer, this grounding in law made me more sensitive to the vulnerable sections and appreciate the diversity. As you know the rule of law is the guiding principle for any administrator. So training in governance helped me have the right perspective and inculcate responsiveness and accountability.

Being a part of the fraternity yourself, that coupled with your experiences with people from different walks of life including the corporations; what is your take on the profession of Company Secretaries. What according to you will be their contribution in making India the Third Largest World Economy?

The profession is an amazing one. Though I have no regrets absolutely about Police Services, I wish I could clear the exams qualifying for practice in the Commonwealth countries. The job market is transforming at a rapid pace and the ones with strong competencies and skill sets can only progress uninterrupted. CS offers you all that's needed for being a future-ready professional.

We will transform into a major economy when we have organisations that can compete with the world's best in competence, delivery, sustainability and credibility. None of these can be achieved without a strong governance framework. CS professionals also need to push the boundaries and go beyond the traditional roles. I am sure we will soon realise these grand goals.

Having celebrated the 77th Independence Day just the past month, it has been more than 7 decades of Independence. How do you see this journey of growth and what as a citizen are your expectations and aspirations for our nation?

Freedom is a sacred ideal. Often well meaning academics, intellectuals sympathise or actively cooperate with banned organisations that indulge in violence. Establishing peace might require a war at times but any organisation or ideology that believes in violence as a means is an abomination in a democracy.

Having worked for three years in the nation's top two worst affected naxal areas, I have seen people suffering and alienated from enjoying the fruits of a free nation. I have picked up the bodies of my men in forces who lost their lives guarding the freedom of this nation. I salute them with utmost respect.

As a citizen I aspire for a society that honours its freedom and strives to guard it; treats all its citizens with equality and celebrates the diversities. It involves a corruption free, transparent and accountable governance. Public health is still very fragile with a huge section still malnourished. Public education is still skewed in favour of few. Farmers welfare and Unemployment remain major issues. Yes undoubtedly we have made rapid strides but the need is so great and the aspirations so high that we need to change from canter to gallop with full force.

To provide greater growth impetus to the cities and towns lagging behind and to give them an opportunity to add equitably to the Indian Growth Story, the Government has made an attempt to list out 'Aspirational Districts.' How can this enlistment and these districts play their expected roles ?

Aspirational Districts development program has done wonders. I worked in two such districts - Bijapur and Sukma in Chhattisgarh, and am aware of the progress achieved. The ICSI can also chronicle this transformation in interior insurgency torn areas through a field visit to understand the complexities in governance and the amazing efforts of all Govt machinery.

The current CEO of Niti Aayog Shri BVR Subrahmanyam is the best suited person to lead this program. reason being he was the Addl Chief Secretary Home in Chhattisgarh and he played a pivotal role in tackling naxal insurgency and accelerating development programmes. The all time record results in terms of naxal operations and laying of roads were achieved during his tenure.

MSMEs form a significant role in the overall economic diaspora for a nation which has been long considered to be primarily agrarian. What role can Company Secretaries play in strengthening their base?

Food based industries have undergone a massive transformation and opened up hitherto unknown and unthinkable opportunities. Being primarily agrarian can be a boon to India. However with the massive population and effects of global warming, the MSMEs can offer a perfect bridge for transition of rural agrarian to industrial economy. CS can offer the aspiring entrepreneurs to channelise the resources into sustainable organisations built on strong foundations of ethics and governance. They can help build competent grassroots entrepreneurs.

Usually, smaller districts and cities are prone to talent drain. What possible recourse measures can curtail this issue ?

Paucity of quality facilities in smaller places has been a major concern that caused talent drain and urban congestion. The situation changed to a great extent Post covid as work from home has compelled quite a few advancements and improvements in facilities and technologies.

To retain talent, one has to provide adequate infrastructure for health, education, transport and profitable employment avenues. It's a long way to go in this regard but great progress is anticipated.

Your journey is one of inspiration. Plenty of our members might want to follow your footsteps and intend to serve the nation by joining Indian Police Service or other Administrative Services. What would be your word of advice for such members?

The civil services no doubt provides you the broadest canvas for contributing to the nation. The demand for specialists is more now than in the past. I would encourage them to take the plunge and utilise their talents for nation building. Being a CS Professional implies one has gone through the grind

of discipline and hard work. The same is required in civil services specifically the IPS.

ICSI has attempted on various occasions to lead into areas of national governance. We have rolled out the Model Code for Meetings of Gram Panchayat, Code for Charity Governance... Being closer to the ground, how do you think these can be brought practically into village administration, NGOs?

I have done Masters and M Phil in Anthropology from Central University Hyderabad. I have done extensive fieldwork in tribal and rural areas and was part of a few projects by DFID UK, USAID etc.

To achieve success in making the people in villages or even in urban areas, one has to customise and innovate based on the local requirements. Especially with a country as diverse as India with hundreds of languages/ dialects/worldviews, one has to ensure micro level understanding before expecting the initiatives to be embraced by the people say at gram panchayat level. The responses are the best when the initiatives cater to the felt needs. The people need to be made aware of the initiative and they should feel they have a stake in the implementation of the same.

How significant do you think ETHICAL LEADERSHIP can be in solidifying the base of sustainable governance?

Ethical leadership is the bedrock of sustainable governance. Equality, equity, fairness are values that should be all pervasive irrespective of nature and type of organization she/he leads. It is what distinguishes excellence from success.

Your thoughts for your alma mater and the profession?

CS profession has come a long way on the path of excellence. The rapidly changing ecosystem and the myriad new ways of organisations and businesses have expanded the scope of profession. I urge all the professionals to really surge forward to shatter the traditional roles, assert your rightful place in the governance framework, assist the LEAs (Law Enforcement Agencies) and most importantly work for the welfare of the weakest.

Lakhs of gullible people are losing money in Ponzi schemes by fraudster companies; Directors of these Fraudulent Organisations are mostly escaping prosecution; innocent children are victims of technology-enabled crime etc; however a robust Corporate Governance structure will disallow and punish these Ponzi schemes and the fraudsters who run them. These are some of the areas where we can contribute through our Corporate Social Responsibilities in multiple ways.

I am always indebted to the ICSI. I have great pleasure in interacting with the Institute at any level and am really thankful for this opportunity to be part of this interaction with CSJ. Thanks to ICSI President, CS Manish Gupta, ICSI Vice-President, CS B. Narasimhan and ICSI Secretary, CS Asish Mohan.

I would also like to thank my trainer FCS YV Rao of YV Rao & Associates, and my teacher Late Shri L Jayaraman (Former Secretary of Hyderabad Chapter.)

77th Independence Day Pan India Celebrations held on August 15, 2023





ICSI SIRC



Faridabad



Bengaluru



Amaravati



Gurugram



Coimbatore



Indore



Kota



Salem



Thane



Kozhikode



Hyderabad

Master Knowledge Series: EEE

WEBINAR ON

ESG- EMERGING ROLE OF COMPANY SECRETARIES held on 09.08.2023



Speaker:
CS Priyadarshini Mahapatra
 Company Secretary,
 Syngene International Limited



Moderator:
CS Sandip Kejriwal
 Central Council Member, ICSI

WEBINAR ON

SHARE CAPITAL - BUYBACK, REDUCTION AND REDEMPTION held on 16.08.2023



Speaker:
K S Ravichandran
 PCS, KSR & Co.



Moderator:
CS Mohan Kumar
 Central Council Member, ICSI

WEBINAR ON

LENDING & INVESTMENTS held on 29.08.2023



Speaker:
CS Makarand Joshi
 Partner, MMJC



Moderator:
CS Dwarkanath C.
 Central Council Member, ICSI

ICSI WEBINARS

WEBINAR ON

CONDONATION OF DELAY UNDER LIMITED LIABILITY
 PARTNERSHIP ACT, 2008 HELD ON 24.08.2023



Speaker:
Shri Manoj Pandey
 Joint Secretary, MCA



CS Manish Gupta
 The President, ICSI



Shri Sanjay Jain
 Director, MCA

WEBINAR ON

ARBITRAL AWARD held on 11.08.2023



Speaker:
Mr. Ramasubramanian
 MD- ADROIT ADR
 CONSULTANTS



Moderator:
CS Manoj Kumar Purbey
 Council Member, ICSI

ICSI MSME Webinar Series

WEBINAR ON

MSMEs: POLICY, FRAMEWORK AND OPPORTUNITIES FOR COMPANY SECRETARIES held on 14.08.2023



Speaker:
CA G B Modi
Senior Managing Partner, Modi & Agarwal, Chartered Accountants



CS Rajiv Bajaj
Chairman, MSB, ICSI



CS R Venkataraman
Central Council Member, ICSI

WEBINAR ON

MSMEs: MONETARY AND RECOVERY FRAMEWORK held on 21.08.2023



Speaker:
Adv. Jeetender Gupta
Advocate-on-record, Supreme Court of India



Moderator:
CS Deepa Khatri
Joint Director, Directorate of Corporate Law, ICSI

WEBINAR ON

MSMEs: FINANCING OPTIONS & MODES AND OTHER RELATED ISSUES held on 28.08.2023



Speaker:
CS (Dr.) Ajay Garg
Registered Valuer, Corporate Counsel



Moderator:
CS Ashish Karodia
Central Council Member, ICSI

WEBINAR ON

MSMEs: TAKING LOCAL TO GLOBAL held on 04.09.2023



Speaker:
CS (Dr.) Preet Deep Singh
CAO & Vice President, Invest India



Moderator:
CS Pawan G Chandak
Central Council Member, ICSI



ICSI Arbitration Day Pan India Celebrations



WIRC



ICSI CCGRT



NIRC



Bhubaneswar



Agra



Raipur



Nagpur



Salem



Jaipur



Faridabad



Prayagraj



Goa



Articles Part - I

Dimensions of Corporate Ethical Dilemma and Measures to Overcome Them

38

CS Ashish Garg, FCS

As the Guardians of corporate governance, company secretaries play a crucial role in upholding the principles of transparency, accountability, and fairness. Company Secretaries establish a foundation for ethical behaviour, by performing a critical function of ensuring, that the board of directors and executive management adheres to governance norms. Ethical Leadership is established by Company secretaries as they are often seen as role models of ethical conduct.

Ethical Governance and the Role of Company Secretaries: A Comprehensive Review

45

Dr. Dileep Kumar S. D.

Overall, the integration of ethical governance and the role of company secretaries has implications that extend to both practice and policy, influencing how organizations operate, govern themselves, and interact with stakeholders. It requires a collaborative effort between organizations, policymakers, regulatory bodies, and industry stakeholders to create a more ethical and sustainable business environment.

Formulating Corporate Ethics Policy

50

CS K M Ramachandra, FCS

The ethical practices have been evolving as needed for the benefit of societies and nations from time immemorial. The ethics are determined by religion, law, society, individual, knowledge and time. While ethical practices channelize positive results, unethical practices trigger negative consequences. Ethics in private relationships are based emotions and not on reasoning, whereas ethics in public relationships are based on reasoning and objectives. The ethics in public relationships include organisational and

corporate ethics. The Corporate ethics aim to safeguard the interest of an organisation, ensure corporate governance, honesty, integrity, efficiency, equity and justice.

Ethical Leadership: The Founding Base for Sustainable Governance

54

CS Himanshu Malik, FCS

Ethics, social responsibility, and effective governance practices form a virtuous cycle. Ethical behavior promotes social responsibility, which in turn influences good governance. When these practices are effectively integrated, they foster responsible and sustainable practices that benefit stakeholders, contribute to a strong organizational foundation, and advance the well-being of society as a whole.

From Concept to Reality: A Roadmap to Designing and Implementing an Ethics Program

60

Amisha Saxena, CS Ankit Kumar Katta, ACS
CS Shujath Bin Ali, FCS

Embarking on the journey of establishing an ethics program in an organization can seem like a daunting task, but it is a requirement in today's day and age. Though many organizations have an ethics program in place, incidents of unethical activities and misconduct continue to emerge, casting a shadow on their reputation and business. This implies that designing a framework isn't quite enough- its robust implementation and alignment with corporate culture is necessary to render it effective. This article is divided in two parts. In its first part, it shall explore few comprehensive guidelines that may be referred to help set up an ethics program for the first time in an organization. In the second part, the authors attempt to suggest some practical measures that may be taken to foster a culture of ethics and integrity in corporate entities.

Ethics and Code of Conduct in Our Indian Scriptures

67

CS N Balasubramanian, FCS
CS Yogindunath Sreenivasa Kini, FCS

The Indian ethical values have relevance in the past, present, and future. Ancient wisdom in the form of teachings helps a human develop inner peace (shanti) and happiness (sukha) through the belief that work is worship, duty is god/godly than whatever the obstacles are awaiting in life.

Ethics : The Founding Pillar of Good Governance

71

CS Munisha Gupta, ACS

Think of ethics as the strong base on which good governance stands. Just like a building needs a strong foundation to stay upright, good governance needs ethics to make sure decisions are fair, honest, and consider the well-being of everyone. Ethics guides leaders to do what's right and treat people well, which helps communities and organizations work well together.

Ethics, Social Responsibility and Governance

77

CS Bharti Kashyap, ACS

Engaging in unethical behaviour can have both short-term and long term consequences, some which may impact an individual and organization's financial aspects. It's important to note that while unethical behaviour might provide short term gains, the long term consequences can be damaging.

Modern day Ethical Challenges

85

CS Juhi Singhania, ACS

While leaders and their teams build the reputations of their corporations through high productivity, trust and good deeds shown towards their stakeholders while satisfying competitive demands of the marketplace, it is also true that laws and regulations set standards for acceptable and unacceptable business practices and behaviours. Just as the market is not entirely free, neither are all stakeholders and constituencies honest, fair and just in their motives and business transactions. The corporate scandals exemplified by Enron and others demonstrated that an entire corporation can be brought down by top-level executives and their teams.

Articles Part - II

Can Limited Liability Partnership be considered Subsidiary of a Company?

90

CS Makarand M Joshi, FCS,
CS Vrushali Bhave Athavale, ACS

Due to flexibility in operations and movement of funds, LLP is a preferred option by many corporates. Many times, questions are raised

that whether separate entity formed in the nature of LLP can be considered as subsidiary or not? As per LLP Act, 2008, LLP is a body corporate but does not have features of a company. Hence this question arises that whether LLP would be considered as subsidiary under the Act or would LLP be excluded from the definition of 'subsidiary' and what can be implication of this interpretation for compliance of various provisions of The Act.

Research Corner

P - 95

Foundations of Ethical Governance: Nurturing Sustainable Leadership

96

CS Shivam Sharma, ACS

Ethical leadership centres on the principles of integrity, accountability, transparency, and empathy. Ethical leaders not only adhere to moral standards themselves but also foster an environment that encourages ethical behaviour among their teams. In the realm of governance, ethics stands as an unwavering beacon, guiding the actions and decisions of individuals entrusted with the responsibility of leading nations, organizations, and communities. In this age of complexity and interconnectedness, the importance of ethics cannot be overstated, as it weaves the fabric of trust that binds citizens to their leaders and institutions.

Legal World

P-103

- **LMJ 09:09:2023** The records do not disclose that the Liquidator was carrying on the business of manufacture of sugar or any trading activity for the purpose of facilitating the winding up.[SC]
- **LW 60:09:2023** Del Credere Agent is not a financial creditor and dismissal of application filed under section 7 of the IBC is correct. [NCLAT]
- **LW 61:09:2023** We thus are of the view that even when there is attachment of the assets, Sales Tax Department cannot be the owner of the assets and the asset continued to be owned by the Corporate Debtor and will be part of the Liquidation Estate. [NCLAT]
- **LW 62:09:2023** Moreover, NCLT has imposed cost of Rs. 5 lakhs but no plausible reason has been given for imposing such cost.[NCLAT]

- **LW 63:09:2023** If the pathological laboratories were already covered under the Act, as is sought to be urged by the Corporation, there was no occasion to issue such a notification. This fact clearly establishes that even as per the understanding of the Corporation, pathological laboratories were not covered under the Act prior to that date. [SC]
 - **LW 64:09:2023** As the Chairman of the Appellant Establishment was engaged in connection with the work of the Appellant Establishment and was paid salary/ wage in lieu thereof, he was rightly considered to be an employee. [Del]
 - **LW 65:09:2023** Appellant succeeded in proving the termination was illegal despite the Respondent's resistance, a factor that should not be taken lightly when considering the emotional and financial resources required for such a legal battle.[Del]
 - **LW 66:09:2023** The filing of the application under Section 11 of the Act of 1996 would be misconceived, inasmuch as the remedy of the applicant would be to challenge the award, as and when the occasion so arises. [ALL]
 - **LW 67:09:2023** No competition concern seems to have arisen in the present facts and circumstances which seem to be emanating purely from the contractual terms agreed upon between the parties.[CCI]
- Simplification of KYC process and rationalisation of Risk Management Framework at KYC (Know Your Client) Registration Agencies (KRAs)
 - Timeline for the Exit Option Window Period for Change in Control of AMC
 - Procedure for seeking prior approval for change in control
 - Reduction of timeline for listing of shares in Public Issue from existing T+6 days to T+3 days
 - Facility to remedy erroneous transfers in demat accounts
 - Transactions in Corporate Bonds through Request for Quote (RFQ) platform by FPIs
 - Validity period of approval granted by SEBI to Alternative Investment Funds (AIFs) and Venture Capital Funds (VCFs) for overseas investment
 - Corrigendum cum Amendment to Circular dated July 31, 2023 on Online Resolution of Disputes in the Indian Securities Market
 - Offer for Sale framework for sale of units of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)
 - Audit of firm-level performance data of Portfolio Managers
 - Trading Preferences by Clients – Applicability for commodity derivatives
 - Enhancing transaction limits for Small Value Digital Payments in Offline Mode
 - Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)
 - Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans¹
 - Review of Regulatory Framework for IDF-NBFCs
 - Fair Lending Practice - Penal Charges in Loan Accounts
 - Reserve Bank of India Act, 1934 - Section 42(1A) - Requirement for maintaining additional CRR

From The Government P-111

- Condonation of delay in filing of Form-3, Form-4 and Form-11 under section 67 of Limited Liability Partnership Act, 2008 read with section 460 of the Companies Act, 2013
- The Companies (Incorporation) Second Amendment Rules, 2023
- Guidelines for MIIs regarding Cyber security and Cyber resilience
- Modification in Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporations and Depositories
- Mandating additional disclosures by Foreign Portfolio Investors (FPIs) that fulfil certain objective criteria

Other Highlights P-123

- ❖ NEWS FROM THE INSTITUTE
- ❖ GST CORNER
- ❖ ETHICS IN PROFESSION
- ❖ CG CORNER

Call for Articles

Call for Articles for Publication in Chartered Secretary Journal – October 2023

ESG and Sustainability : The Economic, Environmental, and Social pillars

With ESG aspects or the environmental, social and governance aspects gaining ground, now more than ever, it becomes inevitable to inculcate the same in the process of financial decision making, undertaking long term investment decisions, and focussing these decisions towards sustainable economic activities and projects.

Deliberations and decisions leading to sustainability involve and solicit the participation of more than one player and stakeholders. From the initiation of an idea to building of a thought, from placing of a proposal before the Board and discussions over various aspects to solicitation of advice of governance experts; there exists a need for an in-depth analysis of the long-term impact of the project or proposal on the climate, the community, the society and all the relevant stakeholders.

The significance of ESG and Sustainability can be gauged from the fact that the Regulatory Authorities have gone beyond the limits of financial reporting and started to lay greater emphasis upon non-financial reporting through the erstwhile BRR and now BRSR.

The Institute of Company Secretaries of India, understanding the needs of professionals and students has rolled out a dedicated subject for the latter and courses for the former, apart from raising deliberations on different platforms.

In view of the growing significance of the topic, we are pleased to inform you that the **October 2023** issue of Chartered Secretary Journal will be devoted to the theme “**ESG and Sustainability : Economic, Environmental, and Social pillars**” covering inter alia the following aspects:

- ESG : Connecting dots sustainably
- BRSR: Creating the non-financial rulebook
- From BRR to BRSR : The journey of non-financial reporting
- Sustainability reporting: Global Outlook
- Sustainability: The Environmental and Social Pillars
- ESG and CSR: The differences and similarities
- Surviving sustainably: The modern age corporate challenge
- ESG and Role of CS
- Building sustainable corporates : Opportunities for Company Secretaries

And many more...

Members and other readers desirous of contributing articles may send the same latest by **Friday, September 22, 2023** at cs.journal@icsi.edu for **October 2023** issue of Chartered Secretary Journal.

The length of the article should ordinarily be between 2,500 - 4,000 words. However, a longer article can also be considered if the topic of discussion so demands. The articles should be forwarded in MS-Word format

All the articles are subject to plagiarism check and will be blind screened. Direct reproduction or copying from other sources is to be strictly avoided. Proper references are to be given in the article either as a footnote or at the end. The rights for selection/rejection of the article will vest with the institute without assigning any reason.

Regards,
Team ICSI

Articles in Chartered Secretary Guidelines for Authors

1. Articles on subjects of interest to the profession of company secretaries are published in the Journal.
2. The article must be original contribution of the author.
3. The article must be an exclusive contribution for the Journal.
4. The article must not have been published elsewhere, and must not have been or must not be sent elsewhere for publication, in the same or substantially the same form.
5. The article should ordinarily have 2500 to 4000 words. A longer article may be considered if the subject so warrants.
6. The article must carry the name(s) of the author(s) on the title page only and nowhere else.
7. The articles go through blind review and are assessed on the parameters such as (a) relevance and usefulness of the article (from the point of view of company secretaries), (b) organization of the article (structuring, sequencing, construction, flow, etc.), (c) depth of the discussion, (d) persuasive strength of the article (idea/ argument/articulation), (e) does the article say something new and is it thought provoking, and (f) adequacy of reference, source acknowledgement and bibliography, etc.
8. The copyright of the articles, if published in the Journal, shall vest with the Institute.
9. The Institute/the Editor of the Journal has the sole discretion to accept/reject an article for publication in the Journal or to publish it with modification and editing, as it considers appropriate.
10. The article shall be accompanied by a summary in 150 words and mailed to cs.journal@icsi.edu
11. The article shall be accompanied by a 'Declaration-cum-Undertaking' from the author(s) as under:

Declaration-cum-Undertaking

1. I, Shri/Ms./Dr./Professor..... declare that I have read and understood the Guidelines for Authors.
2. I affirm that:
 - a. the article titled"....." is my original contribution and no portion of it has been adopted from any other source;
 - b. this article is an exclusive contribution for Chartered Secretary and has not been/nor would be sent elsewhere for publication; and
 - c. the copyright in respect of this article, if published in Chartered Secretary, shall vest with the Institute.
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Articles Part - I

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- ETHICAL GOVERNANCE AND THE ROLE OF COMPANY SECRETARIES: A COMPREHENSIVE REVIEW
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Dimensions of Corporate Ethical Dilemma and Measures to Overcome Them

“सत्यं वद। धर्मं चर।” (Satyam Vada, Dharmam Chara) means “speak the truth and abide by the law” and owes its origins to the “Taittiriya Upanishad”. The motto prescribed for the Company Secretaries encapsulates the role of Company Secretaries in promoting ethical behaviour within organisations. Company Secretaries hold a distinctive and pivotal position within organizations, that goes beyond their administrative responsibilities. Their role extends to being custodians of ethics, integrity, and compliance, making them key drivers in promoting ethical behaviour within the organizational framework.



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INTRODUCTION

In the intricate landscape of corporate governance, ethical leadership serves as the bedrock upon which sustainable and responsible practices are built. The role of Company Secretaries within organizations extends far beyond their administrative responsibilities; they are the guardians of ethics, entrusted with nurturing a culture of integrity that resonates throughout the organizational framework. As members of the esteemed Institute of Company Secretaries of India (ICSI), we are bound by the principles of upholding the highest standards of professionalism, and it is in this spirit that we delve into the heart of ethical dilemmas and their nuanced resolutions.

The dynamics of modern business environments often present intricate scenarios where the ethical compass is tested. From navigating conflicting interests to confronting potential insider trading and safeguarding whistleblowers, the ethical terrain traversed by Company Secretaries is both complex and vital. The decisions we make in these situations not only shape the trajectory of our organizations but also have a profound impact on the stakeholders we serve. As guardians of governance, our role extends beyond the conventional, and it is our shared commitment to integrity that guides us through the labyrinth of ethical decisions.

In the pursuit of sustainable governance, we recognize that ethical clarity is not a mere aspiration but a foundational necessity. It is within this realm that Company Secretaries wield their influence, ensuring that the choices made today resonate ethically for the generations that follow.

DIMENSIONS OF CORPORATE ETHICAL DILEMMAS AND THEIR RELEVANCE TO COMPANY SECRETARIES

Ethical dilemmas are intricate situations where individuals are confronted with choices that challenge their moral compass, as they must decide between conflicting principles, values, or obligations. For Company Secretaries, these dilemmas often arise due to their multifaceted role as stewards of governance, advisors to management, and guardians of transparency. The complexities of modern business operations, intertwined with legal, financial, and ethical considerations, frequently place Company Secretaries at the crossroads of ethical decision-making.

One of the most prevalent challenge is posed by ‘Conflicting Interests’ where a Company Secretary is privy to information which indicates potential financial instability within the organization. The situation of ethical dilemma arises in scenarios where the company’s senior management may be considering huge investment to boost short-term profits without considering long-term stability of the company. The ethical dilemma here circumflected around the decision to disclose the financial concerns, risking a negative impact on the investment decision or remain silent.

Another aspect of the dilemma revolves around Insider Trading. Company Secretaries are exposed to a wide range of information and some of them may not be related to the core areas of operations. There can be situations where a Company Secretary accidentally overhears a conversation between two executives discussing about upcoming earnings results. In this case the dilemma will be in the form of temptation to capitalize on this privileged information by engaging in insider trading. The dilemma will be weighed around the potential gains against the legal and ethical implications of using confidential information for personal benefit.

Whistle-blower Protection is another instance where a Company Secretary may face dilemma of action or inactions. As a custodian of maintenance of ethical conduct, the Company Secretary faces the dilemma of balancing the need to investigate the allegations presented in front of his/her in such a prudent manner that the confidentiality of the whistle-blower's identity also remains guarded.

In the above-mentioned dimensions of ethical dilemma, Company Secretaries are confronted with choices that transcend their administrative roles. The decisions made by them can impact wide range of stakeholders including investors, employees, regulatory authorities and the public at large. Ethical dilemmas for Company Secretaries arise from their unique position as intermediaries between the internal workings of an organization and external expectations of transparency and accountability.

Navigating through these dilemmas requires a delicate balance of legal compliance, ethical principles, and sound judgment. At this juncture we move to the next section of this article to understand the indispensable role of Company Secretaries in fostering ethical leadership, maintaining trust, and upholding the principles of sustainable governance.

THE UNIQUE ROLE OF COMPANY SECRETARIES IN PROMOTING ETHICAL BEHAVIOUR WITHIN ORGANIZATIONS

“सत्यं वद। धर्मं चर।” (Satyam Vada, Dharmam Chara) which means “speak the truth and abide by the law” and owes its origins to the “Taittiriya Upanishad”. The motto prescribed for the Company Secretaries encapsulates the role of Company Secretaries in promoting ethical behaviour within organisations. Company Secretaries hold a distinctive and pivotal position within organizations, that goes beyond their administrative responsibilities. Their role extends to being custodians of ethics, integrity, and compliance, making them key drivers in promoting ethical behaviour within the organizational framework. Let us elaborate the uniqueness of this role which is characterized by several factors that collectively contribute to fostering a culture of ethical conduct.

Navigating through a complex legal landscape requires the Company Secretaries to possess an in-depth understanding of the legal and regulatory landscape in which organizations operate. Company Secretaries expertise enables them to guide decision-making in ways that align with legal requirements, ensuring that ethical considerations are integrated into every facet of the business.

As the guardians of corporate governance, Company Secretaries play a crucial role in upholding the principles of transparency, accountability, and fairness. Company Secretaries establish a foundation for ethical behaviour, by performing a critical function of ensuring, that the Board of Directors and Executive Management adheres to governance norms.

Ethical Leadership is established by Company Secretaries as they are often seen as role models of ethical conduct. Their actions set the tone for the rest of the organization, percolating a powerful message that ethical behaviour is not just an expectation but the fundamental value.

Balancing Stakeholders' Interests in long term is an activity for which Company Secretaries navigate through the complex landscape of dilemma dwindling between protecting stakeholders' interests and organisation's motive of profit maximisation through unsustainable operations. The ability to manage these competing demands while upholding ethical standards ensures that the organization's decisions are made with fairness and integrity.

Confidentiality and Trust is fostered by Company Secretaries being privy to sensitive information, and having commitment to maintain an environment of trust. This trust is essential for employees, management, and external stakeholders to feel comfortable in reporting concerns and upholding ethical principles.

Proactive Risk Management role is performed by Company Secretaries in identifying potential ethical risks and vulnerabilities. This role is enacted by getting involved in anticipating challenges and designing systems to identify and prevent unethical behaviour.

Dissemination of Ethical practices and creating awareness about Ethical standards is one of the key components which Company Secretaries must take as a task. Educating various stakeholders about the ethical guidelines and policies throughout the organization is a key function of Company Secretaries. They facilitate ethical education, ensuring that employees understand the importance of ethical behaviour and the potential consequences of non-compliance.

Resolution of Ethical Dilemmas requires Company Secretaries to be frequently called upon for navigating and resolving ethical dilemmas that arise within the organization. Impartiality and ethical judgment are instrumental in finding equitable solutions that align with the organization's values.

In essence, Company Secretaries serve as an ethical compass which guides organizations through the complexities of business while upholding the principles of honesty, integrity, and fairness. Their role extends beyond rule compliance in shaping a corporate culture where ethical behaviour is not just a requirement but a shared aspiration. Through their actions, Company Secretaries set the groundwork for sustainable success, building trust and credibility with stakeholders at every level.

ETHICAL DILEMMA OF MINISTERS AND SECRETARIES AS CITED IN ANCIENT INDIAN TEXTS OF WISDOM

Let us track back few thousand years ago and try to locate the role of Company Secretary in a kingdom. We can definitely relate that the Company Secretaries would have been performing the role of “Ethics Management”.

Dissemination of Ethical practices and creating awareness about Ethical standards is one of the key components which Company Secretaries must take as a task. Educating various stakeholders about the ethical guidelines and policies throughout the organization is a key function of Company Secretaries. They facilitate ethical education, ensuring that employees understand the importance of ethical behaviour and the potential consequences of non-compliance.

One of the first which refers to the role of "Secretary" is from the 'Sundarkand' chapter of 'Ramcharitmanas' authored by Tulsidas and goes like this "सचिव बैद गुरु तीन जौ प्रिय बोलहिं भय आस, राज धर्म तन तीन कर होइ बेगिहीं नास."

"मंत्री, वैद्य और गुरु यदि ये तीन भय, लाभ या स्वार्थवश मीठा बोलते हैं, राज (शासन) हित की बात न कहकर चापलूसी करते हैं, तो राज्य, शरीर और धर्म, इन तीनों का नाश होने में समय नहीं लगता।"



Shri Tulsidas associates a high sense of accountability and responsibility with a *Sachiv* and Guru true to their profession. It is explained that if a *Sachiv* and Teacher use words pleasing to the King more out of fear or with the hope of getting rewarded, the result is that the Kingdom, Health and

Dharma are the obvious casualties. While upholding accountability and responsibility, the contemporary secretary is well advised to function fearlessly and without expecting any reward.

The above line refers to the role of a Secretary, a Physician and a Mentor to abide by the truth in all circumstances. If they fail to do so then the state, the dharma and self-existence all three get depleted eventually. In the above lines the role and action of Vibhishan then Secretary to the court of Ravan has been contextualised. Vibhishan even being the younger brother took a stand to be on the Ethical side which resulted into his expulsion from the court of Ravan.

The above incident very closely applicable to the professional and ethical conduct of Company Secretaries. Company Secretaries shall always abide by the truth and shall not fear from losses of any type. Here also the dilemma shall be addressed by belittling the personal losses and contributing to the glory of the profession of Company Secretary as governance professionals of highest order.



The **Ayodhya Kanda**, the second chapter, contains comprehensive lessons on good governance. When Bharata, the younger brother of Rama, goes to meet the latter in the forest to request him to return to Ayodhya and rule, the two brothers enter into a long and instructive dialogue. Rama

counsels Bharata on governance. From quality of ministers and the importance of strategy sessions, to temperance in administration to justice, Rama expounds on all the subtleties of statecraft in a lucid manner. Apparently, Rama seems to be inquiring of Bharata his well-being, whether all is well at Ayodhya - in fact, however, in the process, the lessons on effective governance are offered in a powerful manner. A critical factor in good governance is the quality of Ministers. Rama asks Bharata whether he has appointed courageous, knowledgeable, strong-willed men with a high emotional quotient as his ministers, because quality advice is the key to effective governance. The emphasis is on competence and confidentiality. Rama's advice to Bharata is to take a decision on a complex issue neither unilaterally nor in consultation with too many people. There should be an efficient core group. A good administrator can ensure high returns from minimum investments. Rama tells Bharata to prefer one wise man to a thousand fools as it is the wise that can ensure prosperity during an economic crisis. Even if there is one minister who is really effective, the king will gain immensely. Appointing tested men of noble lineage and integrity for strategic positions is the key to successful government. Moderate taxes should be levied on the people, lest they revolt. Rama wants Bharata to treat his soldiers well and pay their legitimate wages on time. Delays in payment of wages and other allowances that make the soldiers disturb and depress which can lead to dangerous consequences. Trade and agriculture are important and Rama wants Bharata to ensure good irrigation facilities rather than being overly dependent on rains. Traders need to be ensured of a fear-free environment and their grievances should be redressed promptly. Protecting the forests and maintaining livestock have also been dealt with as important aspects of effective governance. In fact, the vision of the Ramayana has eternal relevance. Law and justice, finance and business, corruption, framing of innocents for monetary gains, injustice to the poor are all mentioned. Rama's words of advice to Bharata are as relevant today as they were in the ancient period. For the benefit of present and future generations, Rama gave valuable advises to Bharata on good governance.

The Bhagwad Gita in itself is a guiding lighthouse for the Company Secretaries when faced with Ethical Dilemma. Chapter 2 Verse 31 of the Bhagwad Gita translates into 'Given your duty, there is nothing better for you than to fight for your principles without hesitation.'

As clearly indicated that it is a supreme action to fight for principles without any hesitation. When faced with situations of ethical dilemma the Company Secretary must consider herself as Arjuna and the Professional code of conduct as Krishna or the Bhagwad Gita.



Kautilya's Arthashastra written in the 4th Century B.C. contains instructions about administration, management, law and justice, economy, foreign policy etc. It is stated that there existed a Governance module in which the king was the head and all the property of the state comes under the king. The rulers and kings had their own set of principles and systems in governing their kingdoms. These principles and their way of governing their kingdoms had the direct influence of their religious leaders and their faith. So, different principles and practices had been adopted by different rulers, but the common thread was the same, being the universal truth. He said that a king (leader) should have no self-interest, happiness and joy for himself or herself, his or her satisfaction lies in the welfare (happiness) of his or her people, i.e., he or she has to submerge his or her personality into the larger personality of his people. Kautilya states that in the happiness of his subjects lies the happiness of the king; and in their welfare lies the welfare of the king. The king shall not consider as good only that which pleases him, but should treat as beneficial to him, whatever pleases his subjects or "Bahujana sukhaya bahujana hitayacha" – the welfare of the many and the happiness of the many. Public good should be ahead of private good. In fact, this concept of the happiness of the many need integrated into the area of sustainable management as the basic principle. (source: <http://www.siv-g.org/index.php/columnists/16-balakrishnan-muniappan/121-the-bhagavad-gita-on-leadership-development-forsustainability>). Let us now move towards some strategies that company secretaries can employ to effectively address and navigate ethical dilemmas.

SOME STRATEGIES THAT COMPANY SECRETARIES CAN EMPLOY TO EFFECTIVELY ADDRESS AND NAVIGATE ETHICAL DILEMMAS

Understand the Ethical Landscape:

- Develop a deep understanding of ethical principles, legal regulations, and industry standards that apply to your organization.
- Stay informed about evolving ethical considerations in your industry and broader business context.

Seek Guidance from Experts:

- Consult legal, compliance, and ethics professionals within or outside your organization for advice on complex ethical dilemmas.
- Engage with mentors or colleagues who have experience in navigating similar situations.

Follow Established Procedures:

- Familiarize yourself with your organization's established protocols for addressing ethical issues.
- Adhere to reporting hierarchies and procedures for escalating concerns to the appropriate level.

Promote Open Communication:

- Encourage an environment where employees feel comfortable reporting ethical concerns.
- Actively listen to whistleblowers and ensure they understand their protections and options.

Conduct Ethical Impact Assessments:

- When facing significant decisions, conduct ethical impact assessments to evaluate potential consequences and risks.
- Consider the broader impact on stakeholders, including employees, customers, investors, and the public.

Collaborate Cross-Functionally:

- Collaborate with colleagues from various departments, including legal, HR, compliance, and finance, to gain diverse perspectives.
- Engaging different viewpoints can help uncover ethical blind spots.

Maintain Confidentiality:

- Handle sensitive information with the utmost care and confidentiality.
- Ensure that employees who report concerns are assured of their anonymity and protection.

Balance Short-Term and Long-Term Goals:

- Consider the ethical implications of decisions not only in the short term but also in the long term.
- Strive for solutions that align with the organization's core values and contribute to sustainable success.

Document Decision-Making Process:

- Maintain a clear record of the steps taken to address ethical dilemmas.
- Document your rationale, discussions, and any actions you've taken to demonstrate your commitment to ethical decision-making.

Continuously Educate Yourself:

- Stay updated on emerging ethical challenges and trends in your industry.
- Attend training sessions, workshops, and seminars to enhance your ethical decision-making skills.

Ethical Role Modelling:

- Lead by example in promoting ethical behaviour within your organization.
- Demonstrate integrity, transparency, and a commitment to doing what's right even in difficult situations.

Reflect and Seek Feedback:

- After addressing an ethical dilemma, take time to reflect on the experience and seek feedback from colleagues or mentors.
- This reflection can help you refine your approach and learn from each situation.

By employing these strategies, Company Secretaries can effectively navigate ethical dilemmas, contribute to a culture of integrity, and uphold the highest standards of ethical conduct within their organizations. In the next section let us discuss the significance of transparency.

THE SIGNIFICANCE OF TRANSPARENCY AND ACCOUNTABILITY IN RESOLVING ETHICAL DILEMMAS AND BUILDING SUSTAINABLE GOVERNANCE

Transparency and accountability are the cornerstones upon which organizations establish trust, uphold ethical values, and create a foundation for sustainable governance. In the realm of ethical decision-making, these principles play an indispensable role in ensuring fairness, fostering stakeholder confidence, and promoting long-term viability. Here's why transparency and accountability are paramount in navigating ethical dilemmas and nurturing a culture of responsible governance:

- **Upholding Ethical Standards:** Transparency ensures that actions, decisions and processes are visible to all stakeholders. By being transparent, organizations can demonstrate their commitment to ethical conduct and create an environment where deviations from ethical standards are less likely to occur.
- **Building Trust and Credibility:** Openness about ethical dilemmas and the steps taken to address them builds trust with stakeholders, including employees, customers, investors, and regulatory bodies. When organizations are accountable for their actions, trust and credibility are established, enhancing the overall reputation of the company.
- **Effective Decision-Making:** Transparent processes allow for a comprehensive understanding of the factors influencing decisions. Stakeholders can evaluate the fairness of decisions when they are

aware of the considerations and information involved, contributing to more effective and ethical choices.

- **Preventing Ethical Lapses:** Accountability mechanisms hold individuals and entities responsible for their actions. When employees know that their decisions will be scrutinized and they will be held accountable for their conduct, they are more likely to make ethical choices and avoid ethical lapses.
- **Encouraging Reporting of Concerns:** A culture of transparency and accountability encourages employees to report ethical concerns without fear of retaliation. This early detection of ethical dilemmas enables timely resolution and prevents issues from escalating into crises.
- **Aligning with Stakeholder Expectations:** Stakeholders increasingly demand transparency in business operations. Organizations that demonstrate transparency and accountability are better positioned to meet these expectations, ensuring the alignment of corporate practices with stakeholder values.
- **Regulatory Compliance:** Transparent practices and accountable decision-making help organizations adhere to legal and regulatory requirements. By being open about their actions, organizations can demonstrate their commitment to compliance with laws and regulations.
- **Continuous Improvement:** Transparency and accountability allow organizations to learn from past ethical dilemmas. By analyzing the causes of ethical challenges and their resolutions, companies can identify areas for improvement and refine their governance processes.

In conclusion, transparency and accountability are not mere buzzwords; they are the bedrock upon which ethical dilemmas are resolved and sustainable governance is built. As organizations face ethical challenges, embracing transparency in decision-making and being accountable for outcomes are fundamental to fostering an ethical culture, preserving reputation, and ensuring long-term success. By prioritizing these principles, organizations demonstrate a commitment to ethical leadership that resonates with stakeholders and contributes to the overall betterment of society. At this juncture an elaboration on role of legal and regulatory framework for ethical decision making is being done.

ROLE OF LEGAL AND REGULATORY FRAMEWORK IN SUPPORTING ETHICAL DECISION-MAKING BY COMPANY SECRETARIES

The legal and regulatory framework serves as a guiding compass for Company Secretaries in their pursuit of ethical decision-making. It provides a structured environment that helps Company Secretaries navigate complex ethical dilemmas by offering clarity, accountability, and a basis for responsible governance. Here's how the legal and regulatory framework supports ethical decision-making:



- **Clear Standards and Guidelines:** Legal and regulatory guidelines establish clear expectations for ethical behaviour. Company Secretaries can refer to laws, codes of conduct, and industry regulations to understand the boundaries within which ethical decisions must be made.
 - **Compliance and Risk Mitigation:** Regulations often outline the legal requirements that organizations must adhere to. By ensuring compliance, Company Secretaries mitigate legal risks and prevent actions that could lead to ethical lapses.
 - **Protection of Stakeholder Interests:** Legal frameworks often prioritize the protection of stakeholder interests, such as shareholder rights, employee welfare, and consumer safety. Company Secretaries can rely on these frameworks to make decisions that uphold the well-being of various stakeholders.
 - **Whistleblower Protection:** Whistleblower protection laws provide a safe avenue for employees and stakeholders to report unethical conduct without fear of retaliation. Company Secretaries can ensure these protections are upheld, creating an environment that encourages ethical disclosures.
 - **Conflicts of Interest Management:** Legal guidelines often provide mechanisms for identifying and managing conflicts of interest. Company Secretaries can use these guidelines to navigate situations where stakeholders' interests clash.
 - **Reporting and Transparency Requirements:** Regulatory reporting mandates compel organizations to disclose relevant information to stakeholders, promoting transparency. Company Secretaries play a vital role in ensuring accurate and timely reporting, fostering ethical transparency.
 - **Impartial Decision-Making:** Legal frameworks require Company Secretaries to act impartially and in the best interests of the company. This requirement aligns with ethical principles of fairness and integrity.
 - **Accountability Mechanisms:** Legal frameworks establish mechanisms for holding individuals and organizations accountable for their actions. This accountability aligns with ethical responsibility, discouraging unethical behaviour.
 - **External Oversight:** Regulatory bodies often monitor compliance with ethical standards and have the authority to take action against non-compliance. Company Secretaries are motivated to adhere to ethical practices to avoid legal consequences.
 - **Consistency in Ethical Judgments:** Legal frameworks provide a common set of rules that ensure ethical decision-making is consistent across the industry. This consistency builds trust among stakeholders and contributes to a level playing field.
- We have observed in this section that, the legal and regulatory framework provides a supportive structure that helps Company Secretaries navigate ethical decision-making. By adhering to these regulations, Company Secretaries can ensure their actions are aligned with societal values, stakeholder interests, and the pursuit of long-term ethical and sustainable business practices.

RECOMMENDATIONS FOR COMPANY SECRETARIES TO MANAGE SITUATIONS OF ETHICAL DILEMMA

A Company Secretary is responsible for providing the board with legal and ethical guidance. However, there can be situations when she finds herself caught between the competing interests of the investors and the employees. There can be decisions that could have significant financial benefits for the company and its shareholders, but also pose potential negative impact on employee morale and the company's culture.

A CS should Create an environment of Open Dialogue and Transparency. The CS could encourage the board to initiate an open dialogue with employees, explaining the reasons behind any major decision and how it will impact the organisation. Such environment of Transparency can help alleviate fears and create a sense of trust.

Mitigating Employee Concerns and fears can be done by working with the HR department to develop plans for employee retention, career development, and support initiatives during transitional period. Proactively addressing the employee concerns, the company can demonstrate its commitment to their well-being.

Ethical Impact Assessment shall be proposed from time to time to evaluate the potential effects of any major decision on the company's culture and values. Such assessment can provide the board with a comprehensive understanding of the ethical implications of their decision.

CS shall act in Balancing Interests in Decision-Making by advising the Board to carefully consider both financial gains and the company's core values when making any major decision. Efforts shall be aligned to achieve a balanced approach that takes into account both stakeholder groups can lead to a more ethical and sustainable decision.

CONCLUSION: ETHICAL LEADERSHIP- THE BEDROCK OF SUSTAINABLE GOVERNANCE

In the realm of corporate governance, the luminous beacon that guides organizations toward lasting success is none other than ethical leadership. Throughout this article, we have delved into the intricate interplay of ethical dilemmas, navigating them with wisdom, and fostering an environment that embraces transparency, accountability, and integrity. The collective journey through case studies and strategies has illuminated the path that Company Secretaries must tread to uphold the highest standards of ethical conduct and contribute to sustainable governance.

From conflicts of interest to potential insider trading and the protection of whistleblowers, ethical dilemmas are the crucibles where the mettle of ethical leadership is tested. The resounding importance of transparency and accountability echoes throughout this discourse. These twin pillars not only underpin ethical decision-making but also fortify the very foundation of sustainable governance. Through transparency, organizations build trust among stakeholders, foster open communication, and demonstrate their unwavering commitment to ethical principles. Accountability, in turn, ensures that ethical decisions are backed by actions, creating an environment where integrity thrives and deviations are swiftly addressed.

Ethical leadership's significance transcends compliance and reaches into the heart of an organization's purpose. It cultivates a culture where values are more than words on paper; they are lived and breathed by every member. Ethical leaders inspire ethical conduct, upholding the interests of shareholders, employees, customers, and society at large. By embedding ethical values into the fabric of an organization, we lay the groundwork for sustainable governance that stands resilient against the trials of time.

As members of the Institute of Company Secretaries of India (ICSI), we bear the torch of ethical leadership. We wield our roles as guardians of governance, advocates of transparency, and champions of accountability. By navigating the complexities of ethical dilemmas with courage, wisdom, and integrity, we contribute not only to the success of our organizations but also to the greater good of society. In the tapestry of sustainable governance, ethical leadership shines as a luminous thread, binding together the aspirations of the present with the promise of a brighter future.

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Ethical Governance and the Role of Company Secretaries: A Comprehensive Review

Human values are rooted in virtues which, are difficult to measure, quantify and monitor. Therefore 'Principle-centred' corporate guidelines (including accounting) are encouraged to replace 'rule-based' ones. A debate is now converging in favour of ethics which involves important aspects of business, society, administration, politics, media, institutions, family and personal life. Ethical governance has become an important issue in the context of unethical behaviour and malpractices by the holders of high political offices and corporate houses. In any country politicians and high corporate designation holders are considered as the stimulants and leaders of significant socio-economic development.



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INTRODUCTION

Ethical governance in business is more than 'regulatory compliance'. It is not rule-based. It is value-based. Human values are rooted in virtues which, are difficult to measure, quantify and monitor. 'Principle-centered' corporate guidelines (including accounting) are encouraged to replace 'rule-based' ones. A debate is now converging in favor of ethics which involves important aspects of business, society, administration, politics, media, institutions, family and personal life. Ethical governance has become an important issue in the context of unethical behavior and malpractices by the holders of high political offices and corporate houses. In any country politicians and high corporate designation holders are considered as the stimulants and leaders of significant socio-economic development. Because, they possess enormous power and authority than the ordinary people and have the requisite capabilities of making decisions relating to the use of scarce national resources, public funds, etc. In case of business, especially accounting and finance is perhaps the only business function that accepts responsibility to act in public interest and therefore this area should be governed ethically in order to protect the interests of the stakeholders. Fundamentally, ethical governance is an important tool for code of conduct of any accounting and management professional and various global surveys have also ranked them high in terms of professional ethics.

However, various scandals and malpractices witnessed worldwide during the recent years have put a serious and special attention on the roles of the business executives, statesmen, government officials, accounting and management professionals. Over the last few decades, the headlines of almost all newspapers in particular portrayed the sad stories of corporate and political ethics or lack thereof. In the above lines, there has been a renewed and special emphasis on the study of ethical governance and the roles of the company secretaries in nurturing morality and values in the modern business era.

ETHICAL GOVERNANCE – WHY?

In the context of high ethical and moral degradation the concept of ethical governance has become important, because of the following key reasons and they are identified below (Figure – 1.1) followed by a brief analysis of the same.

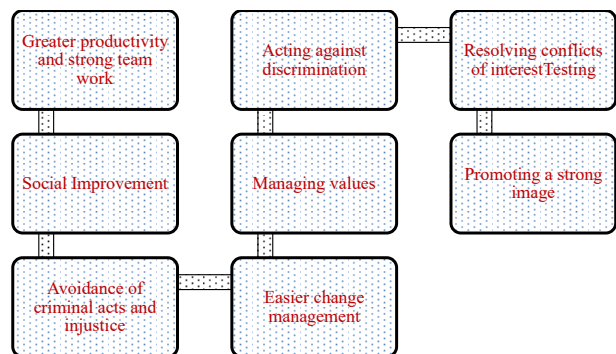


Figure - 1.1: Ethical Governance - Why?

- 1) Greater productivity and strong team work:** Ongoing attention and discussion regarding the work place values act as stimulants for openness, integrity and community. All these are the ingredients of the strong teams in the work place. Ethical governance helps to establish strong alignment between the values of the employees and that of the organization. Such alignment results in strong motivation, higher morale and better organizational performance. All these stimulate organizational productivity and efficiency and effectiveness in the Government's schemes/projects.

- 2) **Social Improvement:** It acts against exploitation of workers, child labor, sexual harassment of women employees at the workplace, gender discrimination and all other unethical behavior. Only because of it, business houses place high values on ethics, equal rights and fairness. Proper implementation of it in all sectors is strongly required for improved society.
- 3) **Avoidance of criminal acts and injustice:** It helps to detect unethical issues and legal violations early so that they can promptly be addressed, reported and controlled. It also helps to avoid some financial implications and losses due to violation of rules and regulations such as fines, penalties and compensation etc.
- 4) **Easier change management:** During the time of change, in the absence of a clear moral compass it becomes difficult for the leaders (political and business) to resolve what is right or wrong. Strong ethical governance assists to maintain consistency in their actions in such a situation.
- 5) **Managing values:** It helps identifying the values and ensuring that organizational or political behaviors align with those values. Value management is a precursor to establish quality management, strategic planning and diversity management. For example, Total Quality Management includes high priority on certain operating values such as trusts amongst stakeholders, reliability, performance, measurement and proper feedback.
- 6) **Acting against discrimination:** Discrimination is treating people differently. Employment discrimination means treating one person better than another because of his/ her age, religion, gender, race, caste or other protected class status. Discrimination is mainly faced by women, minorities, physically challenged and downtrodden people. Guided by ethical governance, the Government has enacted different laws that act against the above reasons. Not only the Government, several corporate bodies and other organizations have been taking initiatives for opening up scopes for physically challenged, establishing principles of equality in the work place and appointing employees from minority and socially backward communities.
- 7) **Resolving conflicts of interest:** A conflict of interest is bound to come among the top most business executives, Government officials and political leaders. Conflict of interest exists when a person must choose whether to advance his/ her own interest or those of the organization/ general public. A bribe is an example of conflict of interest which benefits an individual or group of individuals at the expenses of the organization or society. Conflicts of interest need not always be financial. Ethical dilemma does not arise in cases where only one way is left out. It arises where there exist several alternative choices and all of them are right. Ethical governance helps in selecting the appropriate option (although all are right) which maximizes the overall benefits at the expenses of minimizing costs.
- 8) **Promoting a strong image:** Strong public image and goodwill are essential for both politicians, business executives. Because politicians/governments (composition of politicians of winning parties) are responsible to the general public for rendering services to them as their servants and business leaders are responsible to satisfy the customers to buy their products or services. Without good public image and goodwill they are worthless.

An organization that concentrates on ethics can portray a strong and positive image to the public. People see them as valuing human more than profit. Strong public image helps to generate profit the long run, ensures long term existence and continuity of the government, improves trusts in relationships between individuals and groups etc.

COMPANY SECRETARIES AS GUARDIANS OF ETHICAL VALUES

Company Secretaries serve as guardians of ethical values within an organization by playing a key role in promoting and upholding ethical standards, fostering a culture of integrity, and ensuring that ethical considerations are integrated into all aspects of the business. Here's how Company Secretaries fulfill this role:

- 1) **Ethical Guidance and Compliance:** Company Secretaries provide expert guidance on ethical conduct, ensuring that the organization complies with laws, regulations, and industry standards. They help develop and implement ethical codes of conduct, policies, and guidelines that guide employees, management, and the board in making ethical decisions and choices.
- 2) **Embedding Ethics in Corporate culture:** Company Secretaries work to establish a strong ethical culture throughout the organization. They assist in shaping the organization's values, mission and vision statements to reflect a commitment to ethical behavior. They also facilitate training programs and awareness campaigns to instill ethical values in employees at all levels.
- 3) **Whistleblower Protection and Reporting:** Company Secretaries establish mechanisms for reporting unethical behavior or misconduct, often including whistleblower protection programs. They ensure that employees have a confidential and safe channel to report concerns, and they play a role in investigating and addressing reported issues.
- 4) **Ethical Risk Management:** Company Secretaries collaborate with management to identify and address ethical risks that could pose threats to the organization's reputation, legal standing, or operational effectiveness. They help develop strategies and procedures to mitigate these risks and ensure that appropriate controls are in place.
- 5) **Promoting Transparency and Accountability:** Company Secretaries contribute to transparency by ensuring accurate and timely disclosure of relevant information to stakeholders. They assist

in the preparation of reports, disclosures, and communications that provide a clear view of the company's ethical performance and initiatives.

- 6) **Conflict of Interest Oversight:** Company Secretaries help identify and manage conflicts of interest among Board Members, executives, and employees. They ensure that potential conflicts are properly disclosed and that appropriate actions are taken to prevent any unethical practices.
- 7) **Ethics Committee Support:** In organizations that have dedicated ethics committees, Company Secretaries often provide support by coordinating meetings, maintaining records, and assisting with the implementation of committee decisions.
- 8) **Ethical Auditing and Monitoring:** Company Secretaries participate in ethical audits and reviews to assess the organization's adherence to ethical standards. They collaborate with internal and external auditors to ensure that ethical considerations are part of the auditing process.
- 9) **Advising on Ethical Dilemmas:** When complex ethical dilemmas arise, Company Secretaries offer advice to the board and management on potential courses of action, taking into account legal, regulatory, and ethical considerations.
- 10) **Professional Development and Training:** Company Secretaries continuously educate themselves and stay informed about evolving ethical issues and governance practices. They also facilitate training sessions for employees, management, and the board to enhance awareness and understanding of ethical principles.
- 11) **Stakeholder Engagement:** Company Secretaries engage with stakeholders to understand their ethical concerns and expectations. They help the organization align its practices with stakeholder values, building trust and credibility.

CHALLENGES AND EMERGING TRENDS

Certainly, the role of Company Secretaries in ethical governance and corporate governance in general is not without its challenges and ongoing changes due to emerging trends. Here are few challenges and emerging trends that impact the role of Company Secretaries:

Few Challenges:

- 1) **Ethical Dilemmas:** Company Secretaries often face complex ethical dilemmas when balancing the interests of different stakeholders, such as shareholders, employees, and the community. Deciding on the most ethical course of action can be challenging and requires careful consideration.
- 2) **Rapid Regulatory Changes:** Frequent changes in laws and regulations pose challenges for Company Secretaries in staying updated and ensuring the organization's compliance. Adapting to new regulatory frameworks and requirements can be resource-intensive.



- 3) **Globalization:** As organizations expand across borders, Company Secretaries must navigate varying legal and cultural norms, leading to complexities in managing ethical standards and Corporate Governance practices internationally.
- 4) **Data Privacy and Cybersecurity:** The increasing reliance on technology raises concerns about data privacy and cybersecurity. Company Secretaries must ensure that ethical principles are applied to data handling and cybersecurity practices to safeguard sensitive information.
- 5) **Managing Stakeholder Expectations:** Balancing the diverse expectations of stakeholders, including investors, customers, and advocacy groups, presents challenges in maintaining ethical governance while addressing various interests.
- 6) **Board Diversity and Dynamics:** Company Secretaries may encounter challenges in fostering effective board dynamics and ensuring diversity among board members, which can impact decision-making and ethical oversight.

EMERGING TRENDS AND DEVELOPMENTS

- 1) **Sustainability and ESG:** Environmental, social, and governance (ESG) considerations have gained prominence. Company Secretaries are increasingly involved in integrating ESG principles into corporate strategies and reporting, aligning with growing stakeholder demands for sustainable practices.
- 2) **Technology and Digital Governance:** The rise of digital transformation introduces new challenges related to technology governance, cybersecurity, and data ethics. Company Secretaries are expected to play a role in overseeing digital governance and ensuring ethical use of technology.
- 3) **Whistleblower Protection:** Whistleblower protection is gaining importance as organizations recognize the value of internal reporting mechanisms. Company Secretaries are involved in implementing robust whistleblower protection programs and addressing reported concerns.
- 4) **Board Effectiveness and Evaluation:** There is a trend toward enhancing Board effectiveness through regular evaluations and performance assessments.

An organization that concentrates on ethics can portray a strong and positive image to the public. People see them as valuing human more than profit.

Company Secretaries play a role in facilitating these evaluations and ensuring that governance practices remain aligned with best practices.

- 5) **Shareholder Activism:** Increasing shareholder activism requires Company Secretaries to manage interactions with activist shareholders while upholding ethical standards and corporate governance principles.
- 6) **Ethical Artificial Intelligence (AI) and Automation:** As AI and automation technologies are integrated into business processes, Company Secretaries must ensure that ethical considerations are applied in decision-making algorithms and automated systems.
- 7) **Crisis Management and Resilience:** The ability to manage ethical challenges during crises, such as the COVID-19 pandemic, is a critical trend. Company Secretaries contribute to crisis management strategies and ethical decision-making during turbulent times.
- 8) **Cultural and Social Dynamics:** Organizations are placing more emphasis on fostering inclusive and ethical cultures. Company Secretaries contribute to shaping organizational culture and ensuring that it aligns with ethical values.
- 9) **Regulatory Focus on Governance:** Regulatory authorities worldwide are intensifying their focus on corporate governance and ethical practices. Company Secretaries are at the forefront of ensuring compliance with evolving governance standards.
- 10) **AI-powered Governance Tools:** Emerging technologies, such as AI-driven governance tools, are being explored to enhance efficiency in governance processes. Company Secretaries may need to adapt to and leverage these tools.

STRATEGIES FOR STRENGTHENING ETHICAL GOVERNANCE THROUGH COMPANY SECRETARIES

Strengthening ethical governance through Company Secretaries requires a proactive and comprehensive approach. Here are some strategies that organizations can adopt to enhance ethical governance with the guidance of Company Secretaries:

- Collaborate with Company Secretaries to develop clear and comprehensive ethical policies, codes of

conduct, and guidelines that reflect the organization's values and principles.

- Ensure these policies are communicated effectively to all employees, stakeholders, and Board Members, emphasizing the importance of ethical behavior.
- Work with Company Secretaries to design and implement regular training and awareness programs that educate employees about ethical issues, dilemmas, and the proper course of action.
- Provide case-based training to help employees navigate real-world ethical challenges.
- Establish a robust whistleblower protection program with the guidance of Company Secretaries to encourage employees to report ethical violations without fear of retaliation.
- Ensure that the reporting process is confidential, easily accessible, and well-publicized.
- Collaborate with Company Secretaries to form and support ethics committees consisting of cross-functional representatives to oversee ethical matters and provide guidance on complex issues.
- Work with Company Secretaries to integrate ethical performance indicators into employee and leadership evaluations, reinforcing the importance of ethical conduct.
- Engage Company Secretaries in conducting ethical due diligence during mergers, acquisitions, partnerships, and other business transactions to identify and address potential ethical risks.
- Develop and implement robust conflict of interest policies with the guidance of Company Secretaries to identify, disclose, and manage conflicts of interest at all levels of the organization.
- Company Secretaries can facilitate regular interactions between the Board of Directors and management to ensure ethical considerations are part of strategic discussions and decision-making.
- Collaborate with Company Secretaries to conduct regular ethical risk assessments, identifying areas of potential ethical concern and implementing preventive measures.
- Establish anonymous ethics hotlines and reporting channels with the guidance of Company Secretaries to encourage reporting of unethical behavior and ensure prompt investigation and resolution.
- Work with Company Secretaries to establish an ongoing monitoring and auditing process to assess the organization's adherence to ethical standards and identify areas for improvement.
- Collaborate with Company Secretaries to ensure transparency in reporting on ethical performance, disclosing any lapses, and outlining corrective actions taken.

- Foster a culture of continuous improvement by regularly reviewing and updating ethical governance policies, practices and training programs with the guidance of Company Secretaries.
- Collaborate with Company Secretaries to identify and cultivate ethical leaders within the organization, who can set an example and inspire others to uphold ethical values.
- Collaborate with Company Secretaries to engage external stakeholders, such as suppliers, customers, and communities, to ensure ethical considerations are incorporated into relationships and business practices.

IMPLICATIONS FOR PRACTICE AND POLICY

The implications for practice and policy resulting from the integration of ethical governance and the role of Company Secretaries are significant and extend to various aspects of organizational operations, governance structures, and regulatory frameworks. Here are some key implications for both practice and policy:

Implications for Practice:

- The integration of ethical governance practices led by Company Secretaries contributes to the development of a strong ethical culture within organizations. Employees at all levels are more likely to understand, embrace, and apply ethical values in their day-to-day work.
- Organizations that prioritize ethical governance and work closely with Company Secretaries to ensure ethical compliance and transparency are likely to earn the trust of stakeholders, leading to enhanced reputation and brand value.
- Ethical governance, guided by Company Secretaries, helps to identify and manage potential risks related to unethical behavior, allowing organizations to proactively mitigate risks that could harm their operations or reputation.
- Stakeholders, including investors, customers and communities, are more likely to have confidence in organizations that demonstrate a commitment to ethical governance through the guidance of Company Secretaries.
- Ethical governance practices led by Company Secretaries contribute to the long-term sustainability of organizations by aligning business strategies with ethical considerations and societal expectations.
- Organizations that prioritize ethical governance align more closely with Environmental, Social, and Governance (ESG) goals, which are increasingly important to investors and regulators.

Implications for Policy:

- Policymakers may need to update and strengthen regulatory frameworks to ensure that ethical governance practices are integrated into corporate governance requirements. This could include


mandating the role of Company Secretaries in overseeing ethical compliance.

- Policy changes could require organizations to disclose more detailed information about their ethical governance practices, including the role of Company Secretaries, in their annual reports and disclosures.
- Policymakers could enhance whistleblower protection laws and regulations to encourage reporting of ethical violations and ensure the anonymity and safety of whistleblowers.
- Policies promoting diverse and knowledgeable Boards, which may include experienced Company Secretaries, can strengthen ethical oversight and decision-making.
- Policymakers could encourage or mandate ongoing ethical education and training for Company Secretaries and board members to ensure they have the necessary skills and knowledge to effectively oversee ethical governance.
- Policies could recognize and incentivize organizations that excel in ethical governance practices led by Company Secretaries through awards, certifications, or other forms of recognition.
- Policymakers could encourage organizations to collaborate with industry bodies and report on their efforts to enhance ethical governance, promoting a culture of continuous improvement.
- Policymakers could collaborate internationally to develop standardized guidelines and principles for ethical governance, providing a global framework for organizations and Company Secretaries to follow.

CONCLUSION

It is obvious from the above factual assessment that the Overall, the integration of ethical governance and the role of Company Secretaries has implications that extend to both practice and policy, influencing how organizations operate, govern themselves, and interact with stakeholders. It requires a collaborative effort between organizations, policymakers, regulatory bodies, and industry stakeholders to create a more ethical and sustainable business environment. This will ultimately contribute to a robust and sustainable framework that supports economic growth, enhances compliance, and fosters a favorable business environment.

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Formulating Corporate Ethics Policy

An organisation being a group of people with a 'purpose' is required to follow ethical practices to be successful, to grow and realise its objectives. A Company being an organisation should adopt a robust corporate ethical practices to be adhered by the employees of the Company. A Company can formulate a Corporate Ethics Policy and shall communicate it effectively to the employees who are the key stakeholders and they are under obligation to comply with the said policy. The employees of the Company shall be aware of the Corporate Ethics Policy of the Company for adherence, reference, clarity and guidance so that they will not plunge into confusion and dilemma in a given situation.



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INTRODUCTION

Ethics are defined as moral principles that govern a person's behaviour or the conducting of an activity, the moral correctness of a specified conduct, a motivation based on ideas of right or wrong, the philosophical study of moral values and rules and the like definitions are available. The philosophers have defined ethics in different ways based on the times they lived. The ethical practices have been evolving as needed for the benefit of societies and nations from time immemorial. The ethics are determined by religion, law, society, individual, knowledge and time. While ethical practices channelize positive results, unethical practices trigger negative consequences. Ethics in private relationships are based on emotions and not on reasoning, whereas ethics in public relationships are based on reasoning and objectives. The ethics in public relationships include organisational and corporate ethics. The Corporate ethics aim to safeguard the interest of an organisation, ensure corporate governance, honesty, integrity, efficiency, equity and justice.

An organisation being a group of people with a 'purpose' is required to follow ethical practices to be successful, to grow and realise its objectives. A Company being an organisation should adopt a robust corporate ethical practices to be adhered by the employees of the Company. A Company can formulate a Corporate Ethics Policy and shall communicate it effectively to the employees who are the key stakeholders and they are under obligation to comply with the said policy. The employees of the Company shall be aware of the Corporate Ethics Policy of the Company for adherence, reference, clarity and guidance so that they will not plunge

into confusion and dilemma in a given situation. This would go a long way in realising the objectives of corporate governance. In view of the above, a Company may formulate a Corporate Ethics Policy encompassing the following aspects:

PREAMBLE

This policy consists of binding instructions and guidelines regarding corporate ethics to be observed by the employees and it supports the employees in performance of their duties. These corporate ethics guidelines are the minimum standards to be followed by the employees. The employees of the Company are obliged to adhere to this policy in addition to the other policies of the Company.

SCOPE OF APPLICATION

This Policy applies to all the employees by virtue of their employment contract.

BASIC PRINCIPLES

The principles which determine the Corporate Ethics Policy shall be stated in brief. The following principles/ points may be included under this head:

- a. The description of the Company, its objectives and activities can be briefly mentioned.
- b. The Vision and Mission of the Company can be narrated.
- c. The Company shall achieve the profitability through the quality, innovation and economics of operations.
- d. We shall conduct ourselves in a fair manner and regard the stakeholders as partners.
- e. We acknowledge the importance of health and safety of employees, social responsibility and social commitment, protection of environment and judicious use of natural resources.
- f. The Company recognises the importance of contribution of employees for the success of the Company and the internal affairs are conducted accordingly.
- g. The Company aims to safeguard its interest, ensure corporate governance, honesty, integrity, efficiency, equity and justice in its affairs.
- h. The Company believes in tolerance and respect to the employees and persons dealing with the Company.

- i. The policies of the Company which are concerned to the employees shall take into account empathy, humility and compassion.

BUSINESS PRACTICES

• LEGAL COMPLIANCE

The Company and its operations are subject to various laws of the land where it operates. Hence, it is mandatory for the employees to comply with all the applicable laws, rules, regulations and notifications issued thereunder. The employees are prohibited from performing their duties in contravention of the applicable laws. The employees shall, inter alia, note the following laws of importance:

- a. Corporate Laws, SEBI Regulations and Foreign Exchange Regulations.
- b. Income Tax and Goods and Services Tax Laws.
- c. Competition Laws.
- d. Export and Import Regulations.
- e. Environmental Laws.
- f. Social Security Provisions.

• CONTRACTUAL OBLIGATIONS

The employees shall honour the terms of contract entered into with the vendors and customers. The payment terms shall be adhered and dealing in cash is prohibited except as authorised. If the contracts are performed satisfactorily, the terms of the contracts shall be honoured and the payments shall be released as per schedule.

• FAIR TREATMENT OF BUSINESS PARTNERS

The employees shall treat all the business partners equally in a professional and fair manner. The comprehensive documentation and transparency shall be maintained as to the award of business contracts and decisions. The selection of vendors shall be done as per documented criteria. The reasons for rejecting a vendor shall be recorded and documented.

• DISCOUNTS AND REBATES

The employees shall maintain transparency regarding commissions, discounts, rebates and free samples granted to the customers, which are common business practices. The comprehensive and accurate documentation shall be observed as per defined criteria. The said benefits shall be applied to all the eligible customers whether they are aware of the schemes or not. The discrimination and discretion shall be avoided in this regard.

• HUMAN RESOURCE DEVELOPMENT

- a. Employee Communication: Open communication channels shall be provided between employees and management to offer an opportunity to communicate opinions, attitudes and concerns.
- b. Employee Privacy: The Company respects privacy of employees and complies with the data protection regulations. The Company shall not

interfere in the leisure activities of the employees unless they breach the terms of employment.

- c. Health and Safety: The Company supports and comply with the health and safety regulations and the employees shall observe them.
- d. Employee Development: The Company supports the continuous professional development by conducting trainings, seminars, workshops and supporting their further education.
- e. Remuneration: The Company is committed to recruit and retain talent by offering attractive remuneration and incentive plans which are transparent and well designed.

• CONDUCT AMONG EMPLOYEES

The Conduct of the employees shall be characterised by courtesy, mutual respect, fairness and open mindedness. The criticism of an employee shall be done professionally and constructively. The employees shall co-operate and collaborate as the situation demands. The employees shall share the information with the co-employees as needed in connection with the Company's work. Sexual harassment, other harassment and discrimination of any kind are not tolerated and may lead to disciplinary action including termination of employment.

• USE OF COMPANY'S ASSETS

The use of Company's assets and resources for personal purpose is prohibited except as approved by the management. It shall be a duty of the employees to protect and safeguard the assets, trade secrets, designs, formulations, logos, trademarks and proprietary information and ensure their efficient use. Misappropriation of Company's resources and frauds towards the Company or third parties shall be dealt appropriately as per applicable laws and may lead to disciplinary action including termination of employment.

• ISSUE OF OFFICIAL PUBLIC STATEMENTS

Issue of official public statements, press releases and announcements shall be approved and shall be issued by the individuals who are authorised by the management. This does not apply to product information and professional articles where personal views are expressed. The authorised individuals shall exercise due care to avoid negative publicity and damage to the reputation of the Company.

• PROTECTION OF CONFIDENTIAL AND TRADE SECRETS:

- a. The information pertaining to the Company which is not publicly available shall be treated as confidential. The confidential information shall not be shared with unauthorised third parties or it shall not be used for personal gain or to the detriment of the Company whilst in employment or after leaving the Company.
- b. It shall be a duty of the employees to protect the confidential information and trade secrets as the

loss or theft of confidential information and trade secrets would cause irreparable damages to the Company.

- c. The employees who are custodians of confidential information and trade secrets are prohibited from joining competition and commencing a competitive business within two years after leaving the Company.
- **INTEGRITY AND ACCURACY OF REPORTS, STATEMENTS AND DOCUMENTS**

All the reports, statements, information and documents provided internally and externally including auditors and Government Agencies shall be true, correct, unambiguous and accurate. The employees shall exercise due care in this regard as the inaccurate documents affect the trust of users and damage the reputation of the Company. There is also a risk of contravention wherever statutory compliance is involved. The violations in this regard may lead to disciplinary action including termination of employment.

CONFLICT OF INTEREST

- **BASIC PRINCIPLE**

A conflict of interest is a set of circumstances that creates a risk that professional judgement or actions regarding a primary interest will be unduly influenced by a secondary interest. The employees are required to be loyal to the Company and avoid any conduct with the suppliers, customers, service providers and others which may give rise to conflict between the company's interest and the personal interests. A conflict of interest exists, if an employee uses his position to gain personal advantages beyond his remuneration.

- **DISCLOSURE OF INTEREST**

The employee shall disclose the significant financial interest in competitor, customers or suppliers and seek an approval of the management. The significant financial interest of the related persons shall also be disclosed. The significant financial interest is a shareholding exceeding a percentage fixed by the management or as provided by the applicable laws. The employee shall disclose interest in contracts with his family members and he should not participate in decision making process. The members of the family and related persons shall not work in the same department.

- **INSIDER INFORMATION**

Insider information means an important information about the company that is known only to the employees of the Company and not to the public. The use of insider information by the employees in order to gain personal advantage or for the benefit of third parties or any unauthorised usage is prohibited and the statutory provisions in this regard shall be complied with. Manipulation of insider information for insider trading is illegal and punishable.

A Company can formulate a Corporate Ethics Policy and shall communicate it effectively to the employees who are the key stakeholders and they are under obligation to comply with the said policy.

- **POLITICAL ENGAGEMENT AND DONATIONS**

- a. The donations shall be for charity or statutory purposes only as per approval.
- b. The employees shall not be forced to contribute to political parties or to support any political party.
- c. The hosting of events of political parties on the premises of the Company shall be prohibited.
- d. The Company can make political contributions in exceptional cases subject to applicable statutory provisions. However, the Company has a principle that it does not support or associates with any political party/ group.

- **MOONLIGHTING**

The employee shall devote whole time for his job and role as per normal working hours. The secondary employment of an employee shall be prohibited. However, the secondary employment, considering its nature and which is not in conflict with company's interest and to retain a talent, may be allowed subject to prior approval.

- **CORRUPTION**

Any form of corruption and bribery with money or objects of value as well as such attempts are prohibited within the Company. The corruption may include false or misleading financial reporting, procurement fraud, embezzlement, bribery and other acts involving personal gain and loss to the Company and third parties. Bribery may be in the form of payments, inappropriate gifts and other favours. A corrupt intent or actual corruption not only damages the reputation and integrity of the Company, but also results in offences under the applicable laws. The violations in this regard may lead to disciplinary action including termination of employment.

- **GIFTS, ENTERTAINMENT AND FAVOURS**

- a. Gifts, favours, entertainment, invitations or other benefits may be offered or accepted provided they are in line with the business practices in the respective region; they are not of high value which can be regarded as bribery and they shall not contravene the statutory provisions.
- b. The employees shall not solicit gifts, favours, entertainment, invitations or other benefits.
- c. The entertainment shall be in line with the business practices in the respective region. The employees shall not demand or solicit any sort entertainment.

The violations in this regard may lead to disciplinary action including termination of employment.

TOLERANCE AND RESPECT

- a. The employees shall respect the country specific and cultural differences of the persons with whom they are dealing in the course of business.
- b. There shall be no discrimination against any employee, applicant or business partner on the basis of his age, race, religion, skin, colour, sex, any disability, origin, marital status or sexual orientation.
- c. The Company does not tolerate harassment of employees or business partners.
- d. The senior management personnel shall be kind, empathetic and respectful to the employees and listen to the employees. This promotes ethical leadership in the Company.

RESPONSIBILITIES OF THE EMPLOYEE

- a. Each employee shall conduct himself in line with the ethical guidelines of this document. He can consult human resource department for clarifications as needed in this regard.
- b. Any violations of corporate ethics shall be brought to the notice of responsible colleague, manager or human resource department fearlessly. The management supports such acts of the employees.
- c. Harassment of employees who are reporting unethical activities shall not be tolerated.
- d. Violations of Corporate Ethics Policy may lead to disciplinary action including termination of employment.
- e. The employees seeking advice and help in this regard may contact the designated persons for the purpose.

IMPLEMENTATION OF CORPORATE ETHICS POLICY

• RESPONSIBILITIES

- a. The Corporate Ethics Policy shall be approved by the Board/ Management Committee and its original versions and amendments shall be safely preserved and monitored.
- b. Chief Executive Officer (CEO) and the Internal Audit Head or Company Secretary are responsible for the implementation of the Corporate Ethics Policy.
- c. The Company shall communicate effectively by circulating the policy to the employees who are the key stakeholders and they are under obligation to comply with it.
- d. The line managers/ superiors shall ensure that the employees under them are aware of the Corporate Ethics Policy and they have understood the contents and consequences.
- e. Internal Audit Head or Company Secretary shall act as an advisor to the employees and clarify all their queries. They shall maintain confidentiality in this regard and instil confidence in employees.



- f. Violations of Corporate Ethics Policy shall be pursued and taken to the logical end.

• CONTROL OBLIGATIONS

The senior management team/ management committee members shall ensure and monitor that their employees are aware of the corporate ethics policy and its contents. They should be model to their employees by observing the ethical guidelines. The Corporate Ethics Policy shall be reviewed periodically as needed and revision, if any, shall be communicated to the employees.


• CONSEQUENCES

As pointed out earlier, violations of Corporate Ethics Policy may lead to disciplinary action including termination of employment. Hence, each employee has to obtain a copy of the Corporate Ethics Policy and he should confirm in writing that he has understood the contents of the policy and its requirement. This Policy shall be a part of induction/ on board documentation for the new employees and confirmation shall be obtained from the new employees also.

• TRAINING

The Human Resource Department shall arrange periodical training programmes on the topic concerning corporate ethics with reference to the adopted corporate ethics policy and employees shall be encouraged to participate actively and make suggestions. The special training sessions may be conducted for the senior management group with a detailed discussion on applicable legal and statutory provisions.

CONCLUSION

The above are the suggested components of a Corporate Ethics Policy. The persons entrusted with the task of preparing the Corporate Ethics Policy have to consider the nature of their company, its activities, its markets, economies of scales, nature of employees, talent available, etc., and recommend a policy which is desirable and reasonable for their organisation. Since it is circulated among the employees, it should be handy and in simple and plain language. Creating a policy for the purpose of compliance only may not serve the purpose. The Board and Senior Management Team should demonstrate their commitment to the policy and ethical leadership and ensure that the employees observe the policy and adhere to the corporate ethics guidelines. 

Ethical Leadership: The Founding Base for Sustainable Governance

Sustainable governance is a holistic and future-oriented approach to managing organizations and institutions that balances economic, social and environmental considerations for the long-term sustainability of the organization. It goes beyond traditional governance frameworks by integrating the principles of sustainability, ethics, transparency and stakeholder engagement. Sustainable governance is based on the Triple Bottom Line approach, which recognizes the interconnectedness of people, planet and profit. Decisions are made with a view to maximizing positive impacts in all three areas.



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INTRODUCTION

Ethical leadership and sustainable governance constitute the cornerstone of responsible and lasting achievement within contemporary organizations. Ethics functions as a fundamental underpinning of sound governance, offering the moral guide that steers practices towards excellence. It guarantees that choices are crafted with honesty, accountability and mindfulness of the concerns and entitlements of every stakeholder. As an essential support, ethics enhances the comprehensive efficacy, credibility and enduring nature of governance structures.

ETHICAL LEADERSHIP

Ethical leadership goes beyond mere compliance with rules and regulations. It entails embodying values such as integrity, honesty, empathy, and respect in every decision and action. Ethical leaders create the prevailing culture of an organization, shaping behaviors and motivating others to act responsibly.

SUSTAINABLE GOVERNANCE

Sustainable governance is a holistic and future oriented approach to managing organizations and institutions

that balances economic, social and environmental considerations for the long-term sustainability of the organization. It goes beyond traditional governance frameworks by integrating the principles of sustainability, ethics, transparency and stakeholder engagement. Sustainable governance is based on the Triple Bottom Line approach, which recognizes the interconnectedness of people, planet and profit. Decisions are made with a view to maximizing positive impacts in all three areas.

ETHICS, SOCIAL RESPONSIBILITIES & GOVERNANCE

Ethics, social responsibility and effective governance practices form a virtuous cycle. Ethical behavior promotes social responsibility, which in turn influences good governance. When these practices are effectively integrated, they foster responsible and sustainable practices that benefit stakeholders, contribute to a strong organizational foundation, and advance the well-being of society as a whole.



Ethics (Moral Principles)	Social responsibilities (Stakeholders engagement)	Governance (Accountability)
<ul style="list-style-type: none"> Ethical Behaviour Build Trust & Reputation Employee Morale Guide behaviour based on values like honesty, integrity & fairness 	<ul style="list-style-type: none"> Balancing interest of all stakeholders Engage stakeholders for balanced decision making Community impact Sustainable practices Risk management 	<ul style="list-style-type: none"> Compliance with laws & regulations Promote transparency Enhance Investor confidence Board effectiveness

RESPONSIBLE & SUSTAINABLE MANAGEMENT PRACTICES: THE KEY TO LONGEVITY

In today's era of rapid change, complex challenges and heightened awareness of environmental and social issues, responsible and sustainable management practices have emerged as the cornerstone of organizational longevity. The pursuit of short-term gains at the expense of ethical considerations and long-term viability is no longer a sustainable approach. Instead, businesses that prioritize responsibility and sustainability are better positioned for enduring success.

By prioritizing the following, organizations lay the foundation for their longevity:

- **Ethical conduct:** Organizations that operate ethically are more likely to earn the trust of their stakeholders, which can lead to increased loyalty, investment and advocacy.
- **Employee well-being:** Organizations that invest in the well-being of their employees are more likely to have a motivated and productive workforce. This can lead to increased innovation, productivity and profitability.
- **Long-term strategies:** Organizations that plan for the long term are more likely to be resilient in the face of change. This can help them weather storms and emerge stronger on the other side.
- **Environmental stewardship:** Organizations that operate in an environmentally sustainable manner are more likely to avoid costly fines and reputational damage. They can also benefit from a more favourable regulatory environment and increased customer loyalty.
- **Positive social impact:** Organizations that make a positive social impact are more likely to be seen as responsible and trustworthy. This can lead to increased sales, investment and advocacy.

Organizations that prioritize these factors are better positioned to succeed in the long term. They are more likely to attract and retain top talent, build trust with stakeholders, and navigate the challenges of a changing world.

CASE STUDIES

The Satyam Scandal

The Satyam scandal, occurred in 2009, stands as a significant instance of corporate fraud within India. Ramalinga Raju, the company's founder and chairman, confessed to inflating profits by a staggering Rs. 7,000 crores (equivalent to US\$1 billion). He further admitted to fabricating assets, liabilities and even inventing fictitious employees.

The ramifications of this scandal reverberated profoundly across the Indian corporate landscape. Raju's resignation and the subsequent downfall of Satyam Computer Services were consequential outcomes. Moreover, the scandal inflicted considerable damage upon the reputation of India's corporate sector, sparking demands for more stringent corporate governance regulations.

The Satyam debacle underscores the criticality of ethics within the corporate arena. It accentuates the necessity for robust ethical standards upheld rigorously by companies. Equally vital is the establishment of a culture characterized by transparency and accountability, fostering an environment wherein employees feel empowered to report unethical conduct.

Key ethical insights can be drawn from the Satyam scandal

- **Transparency and Accountability:** Companies must maintain clear, transparent financial reporting practices. A culture of accountability should be cultivated, nurturing an atmosphere in which employees are unafraid to report unethical actions.
- **Strong Corporate Governance:** Preventing fraud and unethical behaviour necessitates robust corporate governance measures. These should encompass independent oversight, unambiguous conflict of interest protocols and well-defined whistleblowing procedures.
- **Ethical Leadership:** Ethical leaders who embody the company's values play a pivotal role. Their commitment to upholding ethical standards and fostering an ethical culture within the organization is crucial.

While the Satyam scandal cast a shadow over the Indian corporate sector, it also served as a catalyst for positive change. Stricter corporate governance regulations and a heightened emphasis on ethics emerged as constructive outcomes. By imbibing the lessons imparted by the Satyam debacle, Indian companies can actively contribute to the evolution of a more ethical and sustainable corporate landscape.

The Coalgate scam

The Coalgate scandal, which transpired in 2012, stands as a corruption debacle within India. This scandal revolved around the allocation of coal blocks to private companies at rates significantly below market value. The financial implications of this illicit activity were estimated to have surpassed Rs. 1.8 lakh crores (equivalent to US\$25 billion), constituting a substantial loss to the Indian government.

The scandal implicated several government officials and private enterprises. The officials were alleged to have favoured specific companies, by passing proper procedures while allotting coal blocks. In turn, these private companies faced accusations of offering bribes to secure these coal blocks.

The Coalgate scandal not only marred the reputation of the Indian government but also underscored the necessity for overhauling the coal block allocation process in the country.

These instances merely scratch the surface of the ethical predicaments that have arisen in the Indian corporate landscape. They serve as stark reminders of the indispensable role ethics play in the realm of business and the imperativeness for companies to adhere to robust ethical standards.

ETHICAL DILEMMAS & POSSIBLE SOLUTION

ITC Limited



Dilemma: ITC Limited is a tobacco company that produces products that are harmful to health. Some people believe that the company should stop producing tobacco products altogether, while others believe that it should continue to produce tobacco products but also invest in initiatives to

reduce the harm caused by tobacco use.

Proposed Solution: ITC Limited could adopt a harm reduction approach. This would mean continuing to produce tobacco products, but also investing in research and development of safer tobacco products, such as smokeless tobacco and e-cigarettes. ITC Limited could also invest in public education campaigns about the dangers of tobacco use and how to quit.

This harm reduction approach would acknowledge the fact that tobacco use is harmful, but it would also recognize that some tobacco products are less harmful than others. By investing in safer tobacco products and public education, ITC Limited could help to reduce the overall harm caused by tobacco use.

This approach would also be consistent with ITC Limited's commitment to ethical leadership. The company has a responsibility to its shareholders, employees and

customers to operate in a way that minimizes harm. By adopting a harm reduction approach, ITC Limited could demonstrate its commitment to these stakeholders and to the public health.

Here are some of the specific benefits of a harm reduction approach:

- It could help to reduce the number of people who start using tobacco products.
- It could help people who are already using tobacco products to quit.
- It could reduce the health risks associated with tobacco use.
- It could save lives.

ITC Limited would need to carefully consider the different perspectives on this issue and develop a solution that is ethical and sustainable. However, a harm reduction approach is a promising way for the company to address the ethical dilemma it faces.

MODERN DAY ETHICAL CHALLENGES

Modern-day ethical challenges in sustainable governance are complex and multi-faceted. They arise as societies strive to balance economic, social and environmental considerations for long-term well-being. Sustainable governance involves making decisions that promote the common good, protect natural resources and ensure intergenerational equity.

Some of the most pressing ethical challenges in sustainable governance include:

- **Climate change and environmental protection:** Addressing climate change and protecting the environment presents ethical dilemmas related to reducing greenhouse gas emissions, transitioning to renewable energy sources, and managing the impacts of climate-related events on vulnerable populations.
- **Biodiversity conservation:** Balancing economic development with the protection of ecosystems and biodiversity raises questions about the responsible use of natural resources and the preservation of species and habitats.
- **Social equity and inclusion:** Ensuring that sustainable governance benefits all members of society, regardless of socioeconomic status, requires addressing issues of inequality, access to resources, and social justice.
- **Resource management and allocation:** Ethical challenges arise in managing finite resources such as water, minerals and arable land, while considering the needs of present and future generations.
- **Corporate accountability and responsibility:** Promoting sustainable practices within the business sector requires ethical considerations around

corporate social responsibility, fair labour practices and ethical supply chain management.

- **Urbanization and smart growth:** Balancing urban development with ecological preservation and community well-being involves ethical decision-making regarding urban planning, affordable housing, and sustainable transportation.
- **Technology and digital ethics:** Managing the ethical implications of technological advancements, such as artificial intelligence, data privacy and automation, within the context of sustainable governance is a growing challenge.
- **Sustainable Development Goals (SDGs):** Balancing the pursuit of the United Nation's SDGs, which cover a broad range of social and environmental issues, requires prioritization and ethical trade-offs.

These challenges are complex and interconnected, and there are no easy answers. However, by carefully considering the ethical implications of our decisions, we can help to ensure that sustainable governance is achieved for the benefit of all.

Accountability and transparency: unlocking ethical locks:

Accountability and transparency are essential to unlocking ethical challenges and fostering sustainable governance. By embracing these principles, organizations can achieve the following outcomes:

- **Navigate complex ethical dilemmas:** Accountability and transparency help organizations to identify and address ethical challenges in a fair and impartial manner. This can help to build trust and confidence among stakeholders and to ensure that decisions are made in the best interests of all.
- **Promote responsible behaviour:** Accountability and transparency encourage organizations to act responsibly and ethically. This can lead to better decision-making, improved compliance with regulations and a more sustainable approach to business.
- **Build trust among stakeholders:** Accountability and transparency help to build trust and confidence among stakeholders. This is essential for organizations to operate effectively and to achieve their goals.
- **Engage stakeholders:** Accountability and transparency encourage stakeholders to participate in decision-making processes. This can help to ensure that decisions are made in a way that is fair and equitable to all.
- **Make effective decisions:** Accountability and transparency help organizations to make effective decisions. This is because they provide organizations with the information, they need to make informed decisions, and they help to ensure that decisions are made in a transparent and accountable manner.

In today's era of rapid change, complex challenges and heightened awareness of environmental and social issues, responsible and sustainable management practices have emerged as the cornerstone of organizational longevity.

- **Achieve long-term sustainability:** Accountability and transparency can help organizations to achieve long-term sustainability. This is because they encourage organizations to operate in a sustainable manner and they help to ensure that decisions are made that take into account the long-term impact on the environment and society.
- **Foster societal well-being:** Accountability and transparency can help to foster societal well-being. This is because they encourage organizations to operate in a way that benefits society as a whole.
- **Mitigate ethical risks:** Accountability and transparency can help to mitigate ethical risks. This is because they help to identify and address ethical challenges before they become major problems.

These are just some of the benefits of accountability and transparency. By embracing these principles, organizations can help to create a more ethical and sustainable world.

Maintaining ethical balance: role of technology

The role of technology in enhancing sustainable governance holds profound significance, offering a spectrum of opportunities to bolster transparency, efficiency and stakeholder engagement. This symbiotic relationship ushers in a transformative era, marked by the potential for technology to facilitate holistic progress. Some key dimensions in which technology catalyzes positive change include:

Data-driven Decision-Making: The leverage of technology allows for the aggregation and analysis of voluminous data sets. This, in turn, empowers informed, evidence-driven decision-making across critical domains such as resource allocation, environmental safeguarding, and the implementation of socially impactful programs.

Transparency and Accountability: Technological avenues facilitate lucid reporting mechanisms, real-time data dissemination and the democratization of information access. This wave of transparency buttresses accountability within governance bodies and organizations, fostering a culture of responsible management.



Efficiency and Resource Optimization: Within the realm of sustainable governance, technology's efficacy shines through by streamlining operations. This encompasses facets like energy efficiency, waste management streamlining, intelligent urban planning, and optimizing transportation networks.

Stakeholder Engagement: Technology serves as a conduit for meaningful and inclusive interaction with stakeholders. It cultivates an environment wherein stakeholders actively contribute to policy formulation, engendering a sense of shared ownership and co-creation.

However, the pursuit of technology-enhanced sustainable governance mandates a delicate equilibrium between its merits and ethical underpinnings, particularly in our progressively digitized landscape. A host of ethical challenges accompany this dynamic:

Privacy and Data Security: The acquisition, utilization and storage of data usher forth concerns of privacy infringement, data vulnerability and the spectre of unauthorized access or breaches.

Digital Divide: Technology's uneven distribution poses a formidable challenge, potentially deepening societal disparities by excluding segments devoid of technological access from the dividends of sustainable governance endeavours.

Environmental Impact: The complete trajectory of technology encompasses manufacturing, energy utilization and the management of electronic waste. If undertaken without prudence, these aspects can compound environmental degradation, underscoring the pivotal need for conscientious management.

Balancing Ethical Considerations

- **Establish ethical frameworks:** Develop clear and unambiguous ethical frameworks that provide guidance for the use of technology in sustainable governance. These frameworks should emphasize transparency, equity, fairness, and the well-being of all stakeholders.
- **Encourage collaboration and multistakeholder engagement:** Bring together a diverse range of stakeholders to participate in decision-making about technology. This should include technologists, ethicists, civil society representatives, and communities that will be affected by the technology. This collaboration will help to ensure that the ethical implications of technology are fully considered.
- **Develop regulations and standards:** Create robust regulations and standards that address the ethical concerns raised by technology. This should cover a wide range of issues, from data privacy to algorithmic transparency to the environmental impact of technology.
- **Continuously monitor and adapt:** Implement a system for regularly monitoring the ethical dimensions of technology-enabled governance. This will help to identify and address any emerging ethical challenges.
- **Promote techno-ethical literacy:** Increase awareness of the ethical implications of technology among decision-makers, organizational staff, and the public. This will help to ensure that informed and ethical choices are made about technology.

GST REGIME: THE FUTURE AHEAD

The implementation of Goods and Services Tax (GST) stands as a pivotal tax reform adopted by numerous countries, aimed at streamlining taxation systems, fostering economic growth and elevating transparency. This subject matter underscores the integration of sustainable governance principles to maximize the advantages derived from the GST framework and secure its enduring prosperity.

ETHICAL GOVERNANCE & COMPANY SECRETARY

Ethical governance holds immense significance in the domain of Company Secretaries, who assume a pivotal role in upholding ethical norms and fostering accountable behavior within organizations. Their duties encompass a spectrum of corporate governance, compliance, and stakeholder engagement aspects, collectively contributing to the preservation of integrity, transparency and conscientious conduct.

How ethical governance intersects with the role of Company Secretaries:

Fiduciary Duty and Integrity	This duty requires them to uphold the highest levels of integrity, honesty, and ethical behavior in their interactions with various parties, including directors, executives, shareholders and regulatory authorities.
Compliance and Regulatory Framework	Company Secretaries should stay updated on relevant laws, regulations, and industry standards and ensure the organisation's adherence to them. This includes promoting ethical behaviour throughout the organisation and taking steps to prevent unethical practices.
Confidentiality and Transparency	Company Secretaries often handle sensitive information and are privy to confidential board discussions and decisions. Ethical governance calls for maintaining strict confidentiality while also advocating for transparency when appropriate, especially in matters that impact stakeholders or public interest.
Stakeholder Engagement	Company Secretaries are responsible for facilitating effective communication between the organization and its stakeholders. Ethical governance emphasizes the importance of engaging stakeholders in a transparent and inclusive manner, considering their interests, concerns, and feedback.

Board Governance and Decision Making	Company Secretaries assist the Board of Directors in fulfilling their governance responsibilities. Ethical governance calls for providing the board with objective and impartial advice, facilitating transparent decision-making processes and promoting a culture of ethical leadership.
Professional Development and Ethics Training:	Company Secretaries are often involved in professional development programs for directors, executives and employees. They can contribute to fostering an ethical culture by providing training on ethical behaviour, corporate social responsibility and compliance.

CONCLUSION

Ethical leadership and sustainable governance are not isolated entities; they form a symbiotic relationship that propels ethical conduct, judicious decision-making, and enduring achievements. Amidst unparalleled challenges faced globally, the infusion of ethical values into governance mechanisms assumes an ethical obligation. By nurturing ethical benchmarks and advocating sustainable governance, Company Secretaries, as ethical leaders, guide organizations to establish credibility, elevate their standing, and attain resilient triumph amidst a dynamically evolving business landscape. This concerted effort paves the path for a future wherein both enterprises and societies not only prosper but also bequeath a constructive legacy for generations to follow.

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From Concept to Reality: A Roadmap to Designing and Implementing an Ethics Program

With the growth of globalization, economies have been able to cross tangible geographical borders. Corporates are now operating intercontinentally and competition in every industry is cut-throat. Resultantly, consumers have the freedom to choose the organization that provides them the services they seek. Only organizations which are able to satisfy customers with budgetary and timely deliverance while still maintaining transparency, accountability and ethical values are able to survive in today's extremely competitive market because they are able to the retain trust of their customers and stakeholders.



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INTRODUCTION

From ancient philosophers to modern day business leaders, the common accord remains that ethics is the keystone of governance in a prosperous organization. Ethical principles have been deeply woven into the cultural fabric of Indian society. Moral teachings of *dharma* and *karma* have guided individuals and shaped their moral compass in all aspects of life, including business dealings. One of the verses of classic Tamil text *Tirukkural* translates to “wealth obtained by fraud may appear to prosper, but will all too soon perish”.

As society has progressed, these principles have remained embedded in our society. Contemporary concepts like corporate governance and business ethics are nothing but a manifestation of these ancient ideals in the realm of corporate affairs.

With the growth of globalization, economies have been able to cross tangible geographical borders. Corporates are now operating intercontinentally and competition in every industry is cutthroat. Resultantly, consumers have the freedom to choose the organization that provides them the services they seek. Only organizations which are able to satisfy customers with budgetary and timely deliverance while still maintaining transparency, accountability and ethical values are able to survive in today's extremely competitive market because they

are able to the retain trust of their customers and stakeholders. Survival in the contemporary market relies on the integration of business ethics and good corporate governance, which makes organizations the go to choice of consumers, setting them apart from their competitors.

In a 2022 survey by Deloitte¹, 69% of the respondents considered corporate ethics and responsible behaviour to be an ESG risk. To mitigate this risk, govern and oversee the matters of ethics and compliance, organizations can set up an internal framework called an ethics program. This program may be called by various different names across organizations, but its objective remains the same: ensuring that their daily business practices abide by ethical principles and the applicable laws. This framework may consist of various codes, internal policies, standard operating procedures, an amalgamation of best practices and disclosure mechanism.

In this article, the authors attempt to disseminate two aspects of ethics programs in organizations:

1. Aspect 1: Setting up an Ethics Program.
2. Aspect 2: Practical implementation of an Ethics Program.

¹ *Global Third-Party Risk Management Survey, 2022* by Deloitte LLP, available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/risk/deloitte-uk-global-tprm-survey-report-2022.pdf>

ASPECT 1- SETTING UP AN ETHICS PROGRAM

When setting up an ethics program for the first time, it is important to remember that it serves as the threshold of every single aspect of business going forward. It shall consist of policies and procedures that shall aid in identifying expectations and provide guidance to managerial decision making by establishing ethical standards². Therefore, it is necessary to do an initial risk assessment and then tailor a custom-made ethics program that fits the organization's vision, mission and goals. Fully understanding the business being carried out, the industry in which the organization is operating, the geography and cultural setting of the organization and the pre-existing processes in its different business departments is just the first step before curating a framework. Some reference materials to which one can refer while setting up an Ethics Program include the Good Practice Guidance³ by the Organization for Economic Cooperation and Development ("OECD"), OECD guidelines on Corporate Governance⁴ and the Compliance and Ethics Manual by the Society of Corporate Compliance and Ethics⁵. This article examines the World Bank Integrity Compliance Guidelines⁶ and the Department of Justice Guidance on the evaluation of Corporate Compliance Programs⁷ for this purpose.

WORLD BANK INTEGRITY COMPLIANCE GUIDELINES

The World Bank Group Integrity Compliance Guidelines ("WBG Guidelines") are a collection of good governance practices. The WBG guidelines can be used by organizations to develop an integrity compliance program ("ICP") that aligns with international standards of excellence. There are 11 principles and 21 sub-principles, a short description of which is given below:

S No	Principle	Description
1	Prohibition of Misconduct	The organization's policies should clearly articulate prohibition of misconduct including, fraud, collusion and coercion.

² *Integrating Law and Ethics in Corporate Ethics Programs* by Mark S. Blodgett (2011), available at: <https://www.jstor.org/stable/41476167>

³ *Good Practice Guidance on Internal Controls, Ethics & Compliance* by OECD (18 January, 2010), available at: <https://www.oecd.org/daf/anti-bribery/44884389.pdf>

⁴ *OECD Principles of Corporate Governance*, available at: https://www.complianceonline.com/dictionary/OECD_Principles_of_Corporate_Governance.html

⁵ *The Complete Compliance and Ethics Manual* by Compliance Cosmos (Society of Corporate Compliance and Ethics) (2023), available at: <https://compliancecosmos.org/essential-elements-effective-ethics-and-compliance-program>

⁶ *The World Bank Group Integrity Compliance Guidelines*, available at: <https://wallensteinlawgroup.com/wp-content/uploads/2017/12/WBG-Integrity-Compliance-Guidelines-full.pdf>

⁷ *Evaluation of Corporate Programs by the U.S. Department of Justice, Criminal Division*, available at: <https://www.justice.gov/criminal-fraud/page/file/937501/download>

2	Responsibility	The organization should foster a trust based, inclusive culture that encourages ethical conduct and a commitment to compliance. The organization's ethics program should be backed by strong and explicit commitment from its Board and senior leadership. All policies and provisions created under it should be mandatory for all individuals at all levels within the organization. One or more senior officers can be made in charge of overseeing and managing the program.
3	Program Initiation, Risk Assessment and Reviews:	A comprehensive risk assessment should be performed before setting up the program, considering the organization size, business sector, location(s) of operations and other circumstances.
4	Internal Policies	The organization should have strong and clear internal policies and procedures regarding employee due diligence; restrictions on arrangements with former public officials; gift, hospitality, travel and expenses; making political contributions, charitable donations & sponsorship; making facilitation payments; recordkeeping and prohibition on fraudulent, collusive and coercive practices.
5	Policies Re: Business Partners	The organization should have a robust internal policy or procedure for due diligence on business partners. It should include clauses on reciprocal commitment from the business partners, suitable remuneration and monitoring/oversight. The business partners should be informed of the organization's ethics program and they should be encouraged to make similar commitments within their business operations to avoid, detect, investigate and remediate misconduct.
6	Internal control	The organization should have an effective system of internal controls that includes organizational financial checks and balances, accounting and recordkeeping practices, and other business processes. All such controls should be regularly reviewed and audited by Internal and External Auditors.

7	Training & Communication	The organization should take practical steps to communicate the steps in its ethics program to its employees and provide proper training tailored to the roles and responsibilities of all levels of employees. Organizations can make use of annual reports to generate awareness and publicly disclose information about its ethics program.
8	Incentives	The organization should encourage employees by giving positive incentives from time to time. At the same time, it is necessary to deploy necessary disciplinary actions as deterrent measures.
9	Reporting	The organization should ensure that all employees and business partners understand the importance of reporting any misconduct that they see or speculate. Employees should receive adequate support and advise when needed, and whistleblowing channels should be provided.
10	Remediate misconduct	Whenever misconduct is identified, the organization should have a proper investigation process in place to deal with it. All reports should be promptly investigated, and appropriate corrective action should be taken in its response.
11	Collective action	The organization should interact with other corporate entities and encourage and assist them to build and implement an ethics program to tackle misconduct in the workplace. This would help in building a healthier work environment in the industry.

DEPARTMENT OF JUSTICE GUIDANCE ON THE EVALUATION OF CORPORATE COMPLIANCE PROGRAMS

In the United States, the *Federal Sentencing Guidelines for Organizations* continued to guide public prosecutors in assessing the efficiency of a company's ethics programs for multiple years. With the passing of time, digitalization and further developments in the corporate realm, successful corporations moulded their ethics programs to cater to emerging requirements. In June 2020, the Criminal Division of the US Department of Justice issued an update to the existing guidelines to match the industry requirements and standards.

The updated guidelines list out the following as important elements of a well-designed ethics program:

1. Risk assessment.
2. Policies and procedures.

Business ethics forms the very core of effective governance, which is an important component of the broader ESG framework. As the business landscape evolves, organizations globally are recognizing the significance of ESG ratings in shaping their reputation and long-term sustainability.

3. Training and communications.
4. Confidential reporting structure and investigation process.
5. Third-party management.
6. Mergers and acquisitions.
7. Involvement of senior and middle management.
8. Autonomy and resources.
9. Incentives and disciplinary measures.
10. Continuous improvement, periodic testing and review.
11. Investigation of misconduct and analysis and remediation of any underlying misconduct.

There are questions attached to each of these elements reflecting upon which may help organizations assess the effectiveness of existing procedures as well as the procedures they are planning on putting in place.

Both of these resources (the WBG Guidelines and the Department of Justice Guidance) act as a convenient yet comprehensive handbook to help establish an ethics program for the first time.

IS SETTING UP A STANDARD FRAMEWORK SUFFICIENT?

When establishing an ethics program, periodic reflection on the following questions posed by the Justice Manual is vital:

1. "Is the corporation's compliance program well designed?"
2. Is the program being applied earnestly and in good faith? In other words, is the program adequately resourced and empowered to function effectively?"
3. Does the corporation's compliance program work in practice?"⁸

Further, it is important for organizations to continuously test and monitor their ethics program. Testing and monitoring acts as a health check-up for the ethics program, helping the organization understand what is working and what needs to be enhanced. The testing can be done at "three lines of defence:

⁸ Ibid 7



1. Testing of the program at business unit level.
2. Testing of the program by the Compliance Committee of the organization.
3. Testing of the program by the internal audit team.”⁹

Accordingly, the ethics program should be updated and enhanced on a regular basis to ensure that it remains effective and efficient.

ROLE OF CHIEF COMPLIANCE OFFICER

The CCO of an organization plays a key role in the implementation of its ethics program. Any person chosen for this position must be a professional of unimpeachable character with sufficient business understanding and industry experience. The CCO sets the tone from the top and communicates the importance of operating with integrity, both internally and externally. He is the first point of contact for an employee who is facing an ethical dilemma. The CCO may be a lawyer, an experienced Company Secretary or any personnel who is familiar with the provisions of applicable laws and can draft policies and procedures in alignment with the same. His main responsibility regarding ethics in the organization includes coordinating with all business departments to ensure that any processes and procedures set by them are in line with the organization's ethics program. The CCO may further appoint an Ethics Officer or bring together an Ethics Team to shape up the organization's ethics program.

⁹ *Strengthening your Ethics Program- Going from Good to Great* by Deloitte LLP, available at: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/risk/us-aers-strengthening-your-ethics-program-final-021915.pdf>

ASPECT 2- HOW TO IMPLEMENT AND BOOST AN ETHICS PROGRAM: A PRACTICAL OVERVIEW

Setting Tone from the Top

The consequences of unethical behaviour of one employee can lead to penalties, fines, legal action and even disruption of the Company's business. All of this brings upon one thing that everyone in the business ecosystem fears: injury of reputation. A Forbes Survey¹⁰ recognised reputational damage as one of the top ten most dangerous risks to a business in 2023. A global survey¹¹ by Deloitte reported that 55% of business leaders believed that ethics and integrity risks were the most significant driving factors of reputational risk.

This is where the concept of setting the 'tone from the top' comes into play. An ethical culture isn't just present, it is meticulously built. An organization's top management significantly influences its culture through its day to day actions. The Board of Directors, key managerial personnel including CCOs and managers, hold a position of power and influence in an organization and can significantly impact its ethical climate. If top management takes accountability for its actions, emphasizing on the importance of acting in a fair and transparent manner, they set a precedent for all other employees.

¹⁰ *The 10 Biggest Risks and Threats for Businesses in 2023* by Edward Segal for Forbes (1 January, 2023), available at: <https://www.forbes.com/sites/edwardsegal/2023/01/01/the-10-biggest-risks-and-threats-for-businesses-in-2023/?sh=26033fe830c0>

¹¹ *2014 Global Risk Survey* by Deloitte LLP (October 2014), available at: http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Governance-Risk-Compliance/gx_grc_Reputation@Risk%20survey%20report.pdf

With strong support and commitment from its leadership, various initiatives can be taken to communicate with employees through fora such as leadership reviews, CCO meetings, webinars, one on one meetings (both in person and virtual) etc. to propagate the message of operating with integrity in the workplace.

ETHICS POLICIES

Internal policies of an organization guide the actions of the Board of Directors, senior management as well as all other employees. These policies serve as the foundation of the ethics program framework in the organization. These policies must be in line with the applicable laws and

generally accepted compliance provisions in the industry. Key policies, guidelines, guidance notes and standard operating procedures form the policy framework in an organization. It is strongly suggested that organizations formulate and implement only those policies which are relevant and specific to their operations. Some pivotal policies include the following:

1. Code of Business Conduct
2. Anti-bribery and anti-corruption policy
3. Gift & Entertainment Policy
4. Whistle-blower Policy

KEY ELEMENTS OF ETHICS POLICIES			
Code of Business Conduct	Anti-Bribery and Anti-Corruption Policy	Gift & Entertainment Policy	Whistle-blower Policy
1. Respectful, healthy and safe work environment	1. Prohibition of bribery and corruption	1. Permissible limit for providing gift/entertainment	1. Speak up in case of witnessing or suspecting misconduct
2. Human rights, labour and social standards	2. Permission to carry out legitimate expenses with proper recordkeeping	2. Approvals before offering gift/entertainment to Government Officials	2. Reporting mechanism (e-mail IDs, phone numbers, web links)
3. Diversity, equity and inclusion in the workplace	3. Due diligence of third parties before engagement	3. No cash or cash equivalent as gift	3. Protections offered to whistle-blower
4. Fair and ethical competition	4. Prohibition on indirect payments to Public Officials	4. Contemporaneous records of all gifts/entertainment offered/received at central office and branch offices	4. Organization's anti retaliation policy
5. Due diligence of third parties before and at the time of engagement	5. Approvals needed before making political contributions, charitable donations and sponsorships	5. Proper recordkeeping of each gift/entertainment offered/received	5. Process of resolving a whistle-blower complaint
6. Process of disclosure of conflict of interest	6. Controls in place before hiring former Public Official to prevent the appearance of impropriety		
7. Prohibition of misconduct			
8. Protection of organization's confidential information			
9. Protection of company assets (tangible and intellectual)			
10. Avoid sharing any content that may violate the organization's rights or privacy in public platforms, including personal comments and rumours on social media.			

These policies can be made available to employees in English as well as local languages to increase their outreach. Abstracts of the policies with key messages can be displayed at conspicuous places within the organization to create awareness and amplify their presence.

CULTURE BUILDING AND TRAINING TO EMPLOYEES

To ensure that employees at all levels within the organization understand the provisions in the ethics policies, it is important to develop a comprehensive, regular, interactive and participatory training program.

Instilling culture and organizational values should go beyond central offices and headquarters. These values need to be articulated in a manner that is unaffected by mode of work (physical/remote) or by geographical boundaries. To extend the impact of the training, organizations may make use of technology. Training sessions may be conducted online as well as in-person. A learning module may also be developed with the help of an online learning platform.

New employees can be familiarized with the organization's policies at the time of induction itself. Regular reminders on provisions of the policies, emphasising on the key principles included therein can be sent from time to time via e-mails and SMS alerts. Department-centric training sessions may be developed to especially train employees on the provisions of the policies most relevant for them.

Interactive quiz programs may be held as well to create awareness about the ethics policies. Surveys and assessments may be conducted for the management to understand and bridge the gap between its perception versus the employees' perception and understanding of the ethics policies and culture.

EMPLOYEE ENGAGEMENT INITIATIVES

Organizations should celebrate integrity and ethics in the workplace at least once a year through employee engagement events. These events may be conducted in online or offline mode, but hybrid mode of conducting the events is recommended to increase employee participation. A theme or sub-themes may be selected and employees may be invited to participate in various initiatives, some of which may broadly include:

1. Quiz competitions on ethics policies
2. Employees speak series
3. Webinars and panel discussions
4. One on One interaction with senior management
5. Creative engagement initiatives such as awareness walk, oath taking ceremony to abide by organizational values, platform to display artistic expression, flash mobs, plays and skits central to themes of ethics in the workplace etc.

POSITIVE INCENTIVES AND DISCIPLINARY ACTION

It is important for an organization to provide positive incentives to its employees to encourage participation in the ethics program. Organizations may host an annual recognition and reward ceremony for employees who have demonstrated commitment to ethics and compliance

in the workplace throughout the year. Honouring their contribution and commitment inspires them as well as their fellow employees to maintain their commitment to embodying integrity, ethics and compliance in their professional endeavours in the upcoming year.

At the same time, putting in place deterrent measures in the form of disciplinary actions for violations of the ethics framework is equally important. It is essential to ensure that every disciplinary action is proportionate to the violation caused. Employees against whom disciplinary action is taken may be counselled and trained on the provisions of ethics policies and taught about the importance of taking liability and accountability in the workplace.

INTERACTIONS WITH EXTERNAL STAKEHOLDERS

At the time of engagement itself, it should be made explicitly clear that all actions and operations carried out on behalf of the organization by a business partner, vendor or service provider should conform with the ethics program of the organization. It is important to regularly interact with these stakeholders to keep them up to date on the provisions in the ethics policies. Any amendments to the policy provisions or procedures should be communicated to them promptly.

WHISTLE BLOWING AND SPEAK UP CULTURE

The employees of the organization as well as its vendors, business partners and other third parties should be trained to consider it their duty to report any potential, suspected or actual misconduct. The complainant must be assured that their complaint would be handled with sensitivity and confidentiality to the maximum extent possible. Moreover, they should be comforted that the organization shall take any matters of retaliation against them seriously and deal with the same promptly. A dedicated e-mail ID or phone number on which a whistleblower may make a complaint should be displayed prominently across the organization as well as its website.

INTEGRITY AMBASSADORS PROGRAM

The Integrity Ambassadors Program is an initiative that may be launched with the purpose of promoting a strong culture of integrity throughout the organization. Employees may volunteer or individuals with strong values and commitment to ethics may be nominated by senior management to become integrity ambassadors. The integrity ambassadors need to be well-versed with the provisions in the ethics policies. Their role will consist of bridging the gap between the leadership and the employees operating at ground level in the following ways:

1. Identifying ways in which different departments can work together to solve ethical issues when they arise.
2. Acting as liaison between employees and the management.

3. Supporting functions and initiatives related to ethics, compliance, risk and other organization-wide programs.
4. Extending the reach of the ethics program to help maintain ethical standards across the organization.
5. Advising and supporting employees who may have ethical concerns or questions.
6. Juggling multiple roles such as that of mentor, advisor and facilitators for integrity-related issues and initiatives.

This initiative may be especially helpful for organizations that have several branch offices across various geographies. Through this initiative, the message of integrity and ethics can be delivered even at the micro level.

ANNUAL COMPLIANCE AFFIRMATION

Organizations can circulate an annual compliance affirmation under which the employees are obligated to annually affirm in writing that they have familiarized themselves with the ethics policies. Additionally, as per the affirmation, employees are expected to promptly report any violations or suspected violations of these policies.

The same affirmation may be circulated to risk sensitive vendors and third parties of the organization as well, to ensure that they are well versed with the ethics framework of the organization. It will act as a commitment from the vendors/third parties to carry out all actions on behalf of the organization in conformity with its ethics program.

This activity not only reaffirms employees' understanding of the ethics policies of the organization and their commitment to abiding by the provisions therein, but also demonstrates the organization's unique effort to ensure that its employees understand and adhere to the ethics policies. Within these affirmations, the organization can also seek feedback from its employees and stakeholders to enhance and update its ethics program. This also fosters a sense of engagement within the employees and makes them feel that their opinions are valued.

CONCLUSION

In conclusion, business ethics forms the very core of effective governance, which is an important component of the broader ESG framework. As the business landscape evolves, organizations globally are recognizing the significance of ESG ratings in shaping their reputation and long-term sustainability. The establishment of an effective and robust ethics program has become a vital part of organizations. With sustainability being the watchword for stakeholders, organizations need to prioritize business ethics to secure their place in a responsible and accountable global economy.

A CS, who is already well-versed in governance matters, brings an unparalleled understanding of business ethics, corporate governance, and legal implications. A CS can play a very important role in the formulation and

implementation of an ethics program. He can take an organization to a position where business ethics is not just an idea but an ingrained organizational culture, contributing not only to the success of the organization but also to building a more accountable, and ethical world.

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Ethics and Code of Conduct in Indian Scriptures

In numerous works of Indian literature, including the Bhagavad Gita, Kautilya's Arthashastra, the Mahabharata, and the Ramayana, the current notions of management vision and mission, reaching goals, decision-making procedures, and planning have all been discussed elaborately. Our venerable and age-old epic "Ramayana" has consistently demonstrated extraordinary ability to define a righteous leader, an inside-out management strategy, and how an individual should behave under various circumstances and situations.



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INTRODUCTION

Ethics essentially denotes "doing the right thing". We all live in a society, and we all have several roles to play, daily, at our homes, at our offices, at wherever we travel, when we attend meetings and so on. Each of our roles expect some codes of conduct, some ways of ethical behaviour from us. We are expected to act in some particular ethical manners every time, and much of it comes practices and Code of Conducts followed down the ages. In fact, we derive much of our Codes of Conduct through various scriptures, and this article is a sincere attempt to capture such pearls of wisdom handed down to us through the ages.

We can see that ethics and values are deeply rooted in the ancient wisdom of our country, and Ramayana, Mahabharata and Bhagavad Gita are excellent examples of how these values have been passed down through generations. The ethics and values described in these epics have come a long way in adapting to the constantly changing environment. The evolving nature of today's world raises concerns about how society and businesses should handle their increased ethical sensitivity and competition to thrive.

WHAT RAMAYANA TEACHES US ABOUT ETHICS AND CODE OF CONDUCT

In numerous works of Indian literature, including the Bhagavad Gita, Kautilya's Arthashastra, the Mahabharata, and the Ramayana, the current notions of management vision and mission, reaching goals, decision-making procedures, and planning have all been discussed elaborately. Our venerable and age-old epic "Ramayana" has consistently demonstrated extraordinary ability to define a righteous leader, an inside-out management strategy, and how an individual should behave under various circumstances and situations. For instance, the Ramayana criticises "Ram Rajya," which created sophisticated systematic management systems relating to hierarchy, teams, and division of labour. In order to defeat evil, Lord Rama long ago established many yardsticks in his personal and managerial spheres. As he defeated the evils, it might be inferred that our previous era was painfully similar to the one we are currently experiencing. In the current professional scenario, his methods and applications of theories have been incarnated with new terminologies. His dharma fostered a sense of moral principles, and his karma demonstrated "Ram Rajya." Lord Krishna from our epic "Mahabharata" possessed 16 traits of a great person and is termed "Purnapurush," whereas Lord Rama had all 13 qualities of a great person and is called "Maryadapurushottam". Lord Rama has been seen as practising transformational leadership for more than 5000 years, as well as social and ethical management. Let us go deep into the relevance of Indian Ethos, Values and Principles of Ramayana to the modern ethical scenarios.

The Ramayana is indeed one of the greatest epics of Indian mythology and literature, composed by the sage Valmiki.

It tells the story of Lord Rama, an incarnation of the God Vishnu, and his journey to rescue his wife, Sita from the demon king, Ravana. The epic is not only a gripping tale of adventure and heroism but also a profound source of philosophical, moral, and spiritual insights.

ETHICAL VALUES FROM RAMAYANA

Truthfulness: The Ramayana stresses the importance of truthfulness in all aspects of life. Lord Rama always spoke the truth, even when it was not convenient. He never lied to his allies or subjects and always upheld the truth, even at the cost of his own happiness.

Honesty: Honesty is another ethical value emphasized in the Ramayana. Lord Rama and his brothers always upheld honesty and never indulged in any deceitful activities. Honesty was a fundamental aspect of their character. This trait can be found throughout Ramayana.

Compassion: Compassion is another ethical value that is highlighted in the Ramayana. Lord Rama was a compassionate ruler who cared for the welfare of his subjects, and considerate of their needs and working towards their well-being. He always went out of his way to help those in need.

Forgiveness: Forgiveness is an essential ethical value that is taught in the Ramayana. Lord Rama forgave even his enemies and treated them with kindness and respect. He taught us that forgiveness is a powerful tool that can bring peace and harmony in society.

Self-control: Self-control is another ethical value that is emphasized in the Ramayana. Lord Rama always exercised self-control in his thoughts, actions, and emotions. He remained calm and composed in all situations, even in the face of extreme provocation.

Integrity: Lord Rama was a man of integrity. He was true to his word and never compromised on his principles. We must exhibit a high degree of integrity in our dealings with stakeholders.

Fairness: Lord Rama was fair in his dealings with his allies and subjects, listening to their concerns and addressing them impartially. Following this trait, we must be fair in our decisions and treat all stakeholders equally.

Accountability: Lord Rama held himself accountable for the welfare of his subjects, taking responsibility for his actions and ensuring that his allies and subordinates did the same. Taking cue from the same, we must hold ourselves and our subordinates accountable for our decisions and actions. We must take ownership of our responsibilities and deliver on our promises.

Empathy: Lord Rama was a compassionate ruler who cared for the welfare of his subjects. He was considerate of their needs and worked towards their well-being. Accordingly, we must exhibit empathy towards our stakeholders, must understand their concerns and address them with compassion and sensitivity.



Respect: Lord Rama treated everyone with respect, regardless of their social status. He valued the opinions of his advisors and treated them with dignity. Following this virtue, we must exhibit respect towards our stakeholders, valuing their opinions, treating them with dignity, and showing them respect they deserve.

Ethical values: Lord Rama always upheld ethical values and principles in his actions and decisions. He never compromised on his values and always did what was right, even if it was not easy.

ETHICAL EXAMPLES THAT WE DERIVE FROM RAMA

Rama lived as a human being, and faced the day-to-day situations and conflicts of life. Sri Rama is a perfect role model. Rama entertained differences of opinion or dissent or oppositions and was kind and acted in just with them, which inspired people to face adversities in life circumstances. His serenity in success and tragedy is an excellent example to follow. Human life is often lost while chasing materialism, *artha*, and sensory pleasures known as the *kāma*. It further emphasizes that the pursuits of *artha* and *kāma* must be very well within the frames of righteousness or *dharma*. *Moksha* or liberation is considered the final goal, and to attain this, *artha* and *kāma* are relinquished by strictly adhering to dharmic life. It further depicts that, for positive mental health, *dharma* can be a significant theme in productive and content life. Many conflicts in life can be resolved using this perspective. Rama is considered beyond any religious connotation. Salient qualities of Rama can be summarized as follows:

- Have faith and love for your work, not your position. Rama was ready to serve his father and even though he had the opportunity to become the king, when his father gave him exile, Rama did his duty.
- Rama remained wedded and staunchly loyal to his only wife, Sita. But, with his patience and practice, he stood firmly for his values and remained the greatest king in the history of India.
- Have an aim in life—Ramayana teaches us to have a good purpose in life. If we have a drive, we can



stimulate our minds to do the work or fulfill our dream. Honesty should be part of life and way of life and should be reflected in a person's actions towards oneself, family, goals, society, culture, rituals and practices.

- The adverse situation in life—if we correctly take negative of life. These unfavorable situations make us strong.
- At the time of his exile, he pursues his potentials, self-fulfilment, personal growth, the peak experience of transcendence.
- Be careful of temptations and follow instructions, do not alter plans arbitrarily.

Ramayana teaches us about the importance of integrity, fairness, accountability, empathy, respect, and ethics, which are fundamental principles of ethics. The epic's characters and stories have become a part of the Indian cultural landscape and continue to inspire us even today. Ramayana is a testament to the enduring power of wisdom and spiritual values and provides us with a roadmap to lead a life of purpose, meaning, and fulfilment. By imbibing the ethical principles derived from the Ramayana, modern-day leaders can become ethical and moral exemplars and lead their organizations to greatness.

The Indian ethical values have relevance in the past, present, and future. Ancient wisdom in the form of teachings helps a human develop inner peace (shanti) and happiness (sukha) through the belief that work is worship, duty is god/godly

then whatever the obstacles are awaiting in life. The inner strength can aid in understanding and solving problems rationally, which will help in enjoying life despite all hurdles. This need not be viewed as just an epic; instead, Ramayana can act as a medium of education to address the significance of ethics and values like honesty, respect, self-assessment, rational decision-making, and the importance of family, society, and people with special needs, and ethos. Systematic research is a need for culturally oriented modules of nonpharmacological management of mental disorders. The Ramayana contains mental therapeutic wisdom. It will remain an epic that is timeless and will also have lessons for all ages in the future.

MAHABHARATHA, THE OCEAN OF WISDOM, STATECRAFT AND ETHICS

The Epilogue to Mahabharatha proudly proclaims "*Whatever is here, may be found elsewhere; what is cannot be found anywhere else,*"(18:56-33). And for centuries the famous blessing of Gandhari, before the start of war, to Duryodhana, her son an epitome of unrighteousness, that *Yatho dharma thatho jayah*, i.e where there is righteousness surely there will be victory, this is the guiding force for centuries not only for India but for whole world.

In the Udyoga Parva of Mahabharatha Chapter 33-40 with around 500 slokas contain much quoted Vidura Neethi which is a huge collection of how one should conduct in this world, ethically and socially and thereby contribute to

Bhagavath Githa (BG) defines a perfect human being, one who is free from malice towards none in this world, friendly towards all, free from enmity, serene in mind, pure of body, non-stealing, control of senses, study of subjects, non-violence in thoughts, words and deeds, honesty, indulging in actions without worrying about results, keeping equipoised in all circumstances, compulsory performance of prescribed actions /duties and not leaving them in the name of renunciation.

world peace, prosperity and all time goodness. It begins with characteristics of wise man which has huge relevance to the life of a professional like CS. Some of the characteristics of a wise man as given therein are reproduced below:

“They exert to the best of their might and act to the best of their might and disregard nothing as insignificant, they are called wise.”

“He who exulteth not at honours, and grieveth not at slights, and remaineth cool and unagitated like a lake in the course of Ganga, is reckoned as wise.”

“He who speaketh boldly, can converse on various subjects, know the science of argumentation, possesseth genius and interpret the meaning of what is written in books is reckoned as wise.”

“Before one engageth in an act, one should consider the competence of the agent, the nature of the act itself, and its purpose, for all acts are dependent on these. Considering these one should begin an act, and not take it up on a sudden impulse.”

Consideration for ones parents and looking after them in their old age is considered as highest virtue as can be seen in Vyadha Gita, where a butcher is passing the test of virtue even though his deeds are apparently sinful but his conduct, respect towards his old and infirm parents earn him a place in heaven and at the same time a sagely boy, renounces his home and leaves his parents in pursuit of so called virtue is frowned upon by wise men and he is advised to look after his parents.

One of the best examples of professional ethical behaviour is found in Duryodhana consulting Sahadeva for knowing the best auspicious time for start of war despite the latter was in enemy camp and at the same time one of the best astrologer available. We have to learn a lot from such professional ethical behaviour found in our epics.

During the disrobing of Draupadi episode, highly learned Bhishma and all powerful Dronacharya remained silent throughout the event despite pleading by Draupadi and her questioning the silence despite knowing the correct stand that should have been taken. This shows a professional should never be a silent spectator to wrong and unlawful activities but speak his mind out in his own way and never

give in to so called loyalty to management at the cost of company or organisation which he serves.

BHAGAVATH GITA- A MILCHING COW FOR ETHICAL LEARNING

Bhagavath Githa (BG) defines a perfect human being, one who is free from malice towards none in this world, friendly towards all, free from enmity, serene in mind, pure of body, non-stealing, control of senses, study of subjects, non-violence in thoughts, words and deeds, honesty, indulging in actions without worrying about results, keeping equipoised in all circumstances, compulsory performance of prescribed actions /duties and not leaving them in the name of renunciation.

Lord Krishna makes fun of Arjuna's misplaced sympathy for his relatives and friends and Krishna taunts Arjuna that he speaks like a very learned person but when the valour in battlefield is to be exercised it appears as if he runs away from battle. One has to perform ones allotted duties, in the present world whatever comes to us through our studies, endeavour and exercise of skill and we should excel in skill, that is the most important message. Skill in action is verily Yoga (Yoga Karmasu Kausalam). Even a little performance of one's duties saves one from great fear. BG also advises us not to take up others allotted duties even though our duties apparently appear to be inferior, for that matter no duty is inferior or superior.

The greatest assurance Lord gives in BG is that doer of good never comes to grief. He will be rewarded sooner or later, even though sometimes the grace comes mysteriously without our knowledge.

Thus, we can see that our epics are storehouse of wisdom, ethics and behaviour training. Its high time that such immense knowledge should form part of our curriculum at school, college and professional level so that who ever gets a chance to learn them turn out to be worthy citizens who contribute to overall growth of country and contribute to world peace and harmony and makes a better world to live in.

CONCLUSION

We have only taken a few examples and quotes pertaining to ethics from Ramayana, Mahabharatha and Bhagavad Gita. Besides these, there are various thoughts on ethics and codes of conduct that can be found in Vedas, Upanishads, and ancient texts like Thirukkural, Thiruppugazh, Srimad Bhagavatham etc. We can come across several issues or concerns in our daily life, for which solutions can be found in these Scriptures and Texts. Its upto us to study such Scriptures and Texts in detail and find out hidden Pearls of Wisdom, which lead us to live an ethical life.

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Ethics: The Founding Pillar of Good Governance

Ethical leadership means being a good and fair leader. It's about doing the right thing, even when it's hard and treating people nicely. Ethical leaders are honest, they care about others and they make decisions that help everyone, not just themselves. They lead by example and inspire others to be kind and do what's right too.



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INTRODUCTION

MEANING OF ETHICS:

Ethics refers to the branch of philosophy that deals with questions of right and wrong, moral principles and values that guide human behavior. It explores concepts related to what is considered morally acceptable and unacceptable, as well as the reasons and justifications behind these judgments. Ethics provides a framework for individuals, groups and societies to make decisions and judgments about what is morally right or wrong in various situations.

WHAT IS LEADERSHIP?

Leadership refers to the ability and process of guiding, influencing and inspiring individuals or groups toward a common goal or vision. It involves taking initiative, making decisions and providing direction to achieve desired outcomes. Leadership is not solely about holding a formal position of authority; it can emerge from various roles and contexts and it encompasses a range of skills, behaviors and qualities.

WHAT IS ETHICAL LEADERSHIP?

Ethical leadership refers to a leadership approach that emphasizes the importance of moral principles, integrity and responsible behavior in guiding individuals and groups toward a common goal or vision. Ethical leaders not only focus on achieving objectives and outcomes but also prioritize the well-being of their team members, stakeholders and the broader society. They set an example of ethical conduct and inspire others to follow suit.

In layman's language, Ethical leadership means being a good and fair leader. It's about doing the right thing, even when it's hard and treating people nicely. Ethical leaders are honest, they care about others, and they make decisions that help everyone, not just themselves. They lead by example and inspire others to be kind and do what's right too.

WHAT IS SUSTAINABLE?

"Sustainable" refers to the ability to maintain or support something over the long term without depleting resources, causing harm, or compromising the well-being of future generations. Sustainability encompasses practices and approaches that aim to balance economic, environmental and social considerations in order to ensure the continued health and prosperity of individuals, communities and the planet as a whole.

WHAT IS GOVERNANCE?

Governance refers to the processes, structures and systems through which decisions are made, authority is exercised, and actions are taken within organizations, institutions governments and other entities. It encompasses the mechanisms that guide and regulate the behavior of individuals or groups in positions of power and authority to ensure effective management and responsible conduct.

WHAT IS SUSTAINABLE GOVERNANCE?

"Sustainable governance" refers to a style of governance that integrates the principles of sustainability into decision-making, policy development and management practices. It involves combining effective and responsible governance processes with a commitment to addressing social, environmental, and economic challenges in a balanced and equitable manner. Sustainable governance aims to ensure the long-term well-being of individuals, communities, and the planet while fostering collaboration and inclusivity.

ETHICS: THE FOUNDING PILLAR OF GOOD GOVERNANCE

Think of ethics as the strong base on which good governance stands. Just like a building needs a strong foundation to stay upright, good governance needs ethics to make sure decisions are fair, honest and consider the well-being of everyone. Ethics guides leaders to do what's right and treat people well, which helps communities and organizations work well together.

Ethics is like the strong base or foundation that holds up a good government. It's about making sure leaders and decision-makers do what's right and fair, so that everyone in the community is treated well and things work smoothly.

Just like how we follow rules to play a fair game, ethics are like the rules that leaders follow to make sure they're doing a good job in managing things. These rules include being honest, treating everyone fairly and making decisions that help everyone. When leaders follow these rules, they create a strong and trustworthy way of running things, which we call *good governance*.

ETHICS, SOCIAL RESPONSIBILITY AND GOVERNANCE

Ethics, social responsibility and governance are three important concepts that work together to create a positive impact in various aspects of society, organizations and decision-making.

When ethics, social responsibility and governance work together, they create a strong foundation for making the right choices, taking care of people and the environment, and ensuring that everything is managed well for the benefit of everyone involved.

These three concepts are closely intertwined:

- Ethical behavior is a fundamental component of good governance. It ensures that decisions are made with integrity and in consideration of ethical principles.
- Social responsibility is a part of ethical behavior and good governance. Organizations that are socially responsible make decisions that benefit society and promote well-being.
- Good governance ensures that ethical and socially responsible practices are followed consistently. It provides the framework for making and enforcing decisions that align with ethical and social values.

When ethics, social responsibility and governance work together, organizations and individuals create a positive impact on their communities and the world. They promote fairness, sustainability and accountability in their actions, contributing to a better and more just society.

RESPONSIBLE AND SUSTAINABLE MANAGEMENT PRACTICES: THE KEY TO LONGEVITY

Imagine you have a garden. To make sure your garden stays beautiful and healthy for many years, you water the plants regularly, use eco-friendly fertilizers and avoid using harmful chemicals. This is like responsible and sustainable management.

Now, think about a company that makes toys. If they use materials that are safe for kids and the environment, treat their workers fairly, and think about how their toys can be reused or recycled, they're practicing responsible and

sustainable management. This helps them build a good reputation and people keep buying their toys for a long time.

Doing things in a good and smart way helps organizations last a long time. When they make choices that are fair, don't harm the environment and think about the future, they become strong and trusted. This makes customers, employees and everyone want to support them, which keeps the organization going for a really long time. So, being responsible and thinking about what's best for everyone is like a secret recipe for making organizations last a really, really long time!

Just like taking care of your garden keeps it thriving, responsible and sustainable management practices keep organizations strong, trusted and around for a really long time!

LONG TERM PRICE OR UNETHICAL BEHAVIOUR

Think about a student who cheats on a test to get a high grade quickly. At first, they might feel happy about the good grade, but later, they'll realize they didn't really learn anything. Plus, if they keep cheating, their classmates and teachers might lose trust in them. This is like unethical behavior.

On the other hand, if the student studies and learns the material, they might not get the highest grade right away, but they'll actually understand the subject. They'll also earn the respect of their teachers and classmates. This is like choosing the long-term price of doing the right thing instead of taking a shortcut with unethical behavior. In the end, the student who learns and works hard will benefit more in the long run.

Unethical behavior is like taking a shortcut that seems easy at first, but it can lead to big problems later on. Unethical choices can seem tempting, but they often come with consequences that last much longer.

ETHICAL DILEMMAS AND POSSIBLE SOLUTIONS: CASE STUDY ANALYSIS

Let's analyze an ethical dilemma in a business context and explore possible solutions:

Case Study: Employee Privacy and Data Security

Scenario: You are the HR manager of a company that handles sensitive employee data, including personal and financial information. The company's IT department recently discovered that some employees were using the company's email system for personal communications, which is against company policy. In investigating this issue, you discover that some employees are also sharing personal information about colleagues without their consent.

Ethical Dilemma: You are faced with an ethical dilemma. On one hand, you need to address the violation of company policy and protect sensitive employee data. On

the other hand, you want to respect employees' privacy and avoid damaging relationships within the company.

Possible Solutions:

- **Educational Campaign:** Implement an educational campaign to remind employees about company policies regarding data privacy and appropriate use of company resources. This could include workshops, emails, and training sessions to ensure everyone is aware of the rules.
- **Enhance Data Security Measures:** Invest in stronger data security measures to prevent unauthorized access to employee information. This might include implementing stricter login protocols, encryption and regular security audits.
- **Communication and Transparency:** Communicate openly with employees about the issue, explaining the importance of data privacy and the potential consequences of policy violations. Encourage employees to report any concerns they have regarding privacy breaches.
- **Enforce Consequences:** Enforce consequences for policy violations to emphasize the importance of adhering to company rules. This might include warnings, suspension, or other disciplinary actions, depending on the severity of the violation.
- **Confidential Reporting System:** Implement a confidential reporting system where employees can report policy violations or concerns without fear of retaliation. This encourages a culture of accountability and helps address issues before they escalate.
- **Review Privacy Policies:** Review and update the company's privacy policies to ensure they are comprehensive, clear and aligned with legal requirements. Communicate these policies to all employees.
- **Consent and Privacy Training:** Offer training on privacy and consent to employees, helping them understand the importance of obtaining consent before sharing personal information about colleagues and respecting their privacy.
- **Ethics Hotline:** Establish an ethics hotline where employees can anonymously report policy violations and ethical concerns. This provides a safe space for employees to voice their worries.
- **Mediation and Conflict Resolution:** For cases involving the sharing of personal information, consider using mediation and conflict resolution techniques to address potential issues between employees and rebuild trust.
- **Engage Leadership:** Involve senior management and leadership in addressing the issue to demonstrate the

Governance refers to the processes, structures and systems through which decisions are made, authority is exercised and actions are taken within organizations, institutions, governments and other entities.

company's commitment to ethical behavior and data security.

- Remember, ethical dilemmas require careful consideration of the potential consequences, legal requirements, and the values of the organization. Choose a solution that upholds ethical principles, respects employee privacy, and helps maintain a positive and respectful workplace environment.

MODERN DAY ETHICAL CHALLENGES

Modern-day society is confronted with a range of ethical challenges that arise from technological advancements, globalization, changing cultural norms and complex social issues. Some of these challenges include:

- **Privacy in the Digital Age:** The rapid advancement of technology has raised concerns about the collection, use and protection of personal data. Balancing the benefits of data-driven innovation with individual privacy rights is a significant ethical challenge.
- **Artificial Intelligence (AI) and Automation:** The ethical implications of AI and automation include issues related to job displacement, algorithmic bias, and the potential for autonomous systems to make critical decisions without human intervention.
- **Cybersecurity and Hacking:** The increasing frequency of cyberattacks and data breaches raises ethical questions about the responsibility to protect sensitive information and the potential consequences of inadequate cybersecurity measures.
- **Environmental Sustainability:** Addressing climate change, resource depletion and pollution requires ethical considerations regarding the responsibilities of individuals, businesses and governments to protect the environment for current and future generations.
- **Ethics of Genetic Editing:** Advances in genetic editing technologies like CRISPR-Cas9 raise ethical concerns about the potential for modifying human genes, altering the course of evolution and the long-term consequences of such interventions.
- **Biomedical Ethics:** Issues such as organ transplantation, end-of-life care and genetic testing pose complex ethical dilemmas related to patient autonomy, quality of life, and societal values.



- **Social Media and Misinformation:** The spread of misinformation and the impact of social media on public discourse raise ethical questions about responsibility, accountability and the potential for technology to influence public opinion.
- **Inequality and Social Justice:** Persistent disparities in income, healthcare access and educational opportunities challenge societies to address issues of social justice and consider equitable distribution of resources.
- **Business Ethics:** Ethical challenges in the business world include issues like corporate social responsibility, fair labor practices, supply chain transparency and the balance between profit and social impact.
- **Cultural Sensitivity:** Navigating cultural diversity and promoting inclusivity requires ethical awareness and sensitivity to avoid cultural appropriation, discrimination, or insensitivity.
- **Autonomous Vehicles:** The development and deployment of self-driving vehicles raise ethical questions about liability, safety, and the programming of decision-making algorithms in potentially life-threatening situations.
- **Bioethics:** Advances in medical science, including cloning, stem cell research and organ transplantation, raise ethical questions about the boundaries of scientific experimentation and the potential consequences for human health and society.

These challenges highlight the need for ongoing ethical reflection, dialogue, and decision-making at personal, organizational and societal levels. Addressing modern-day ethical challenges requires a holistic approach that considers the perspectives of various stakeholders and seeks to balance innovation with responsible and ethical conduct.

ACCOUNTABILITY AND TRANSPARENCY: UNLOCKING ETHICAL LOCKS

Accountability and Transparency: Unlocking Ethical Locks is like using special keys to solve tricky puzzles in a fair and honest way.

Accountability: This means taking responsibility for your actions and choices, whether they're good or not so good. It's like admitting when you've made a mistake and trying to fix it.

Transparency: Being transparent is like being really clear and open about what you're doing and why. It's like showing others how you're solving the puzzle so they can understand and trust you.

When you use accountability and transparency together, it's like using keys to unlock tough problems in the right way. It helps people trust you, understand your choices, and know that you're doing the right thing. Just like keys open locks, accountability and transparency open the way to being fair, honest, and ethical.

MAINTAINING ETHICAL BALANCE: ROLE OF TECHNOLOGY

Imagine a seesaw – like the ones you find on a playground. Now, think of one side as technology and the other side as ethics, which are the rules and values that help us decide what's right and wrong.

Sometimes, technology can bring us amazing things, like smartphones and computers that make our lives easier. But it can also create challenges, like invading people's privacy or spreading false information.

So, maintaining an ethical balance means keeping both sides of the seesaw level. It's about using technology in a way that helps us, but also making sure we follow ethical rules so that we don't hurt others or do anything wrong.

For example, when we use social media, we should think about how our posts might affect others. We should also be careful about sharing accurate information and not spreading rumors.

By finding the right balance between using technology and following ethical guidelines, we can make sure that our actions are fair, respectful, and helpful to everyone. Just like a seesaw works best when it's balanced, our use of technology is best when it's balanced with ethical considerations.

GST REGIME: THE FUTURE AHEAD

The future of the Goods and Services Tax (GST) regime, when viewed through the lens of ethical leadership, holds several important considerations and opportunities:

- **Transparency and Accountability:** Ethical leaders understand the importance of transparency and accountability in tax systems. In the future, GST regimes could emphasize even greater transparency in tax collection and allocation. Ethical leaders would ensure that tax revenues are utilized for public welfare and development, and they would promote transparency in reporting how taxes are utilized.
- **Fairness and Equitability:** Ethical leaders recognize the need for fair and equitable taxation. In the future, GST regimes may evolve to ensure that tax burdens are distributed fairly across different income groups and sectors. Ethical leaders would work to prevent regressive taxation and ensure that the GST system doesn't disproportionately impact vulnerable populations.
- **Inclusivity and Consultation:** Ethical leaders value inclusivity and stakeholder consultation. In shaping the future of GST, ethical leaders would involve a diverse range of stakeholders, including businesses, experts, and citizens, to ensure that the system's design considers the needs and perspectives of all parties.
- **Mitigating Negative Impact:** Ethical leaders would be proactive in identifying and addressing any unintended negative consequences of the GST

regime. They would take steps to mitigate the impact on marginalized communities, small businesses, and other vulnerable groups, ensuring that the system benefits society as a whole.

- **Avoiding Corruption and Tax Evasion:** Ethical leaders are committed to combatting corruption and tax evasion. In the future, GST regimes may utilize advanced technology and data analytics to detect and prevent tax evasion. Ethical leaders would ensure that these tools are used responsibly and ethically, respecting individual privacy and due process.
- **Education and Communication:** Ethical leaders recognize the importance of educating the public and businesses about the GST system. They would invest in clear and comprehensive communication to help people understand their rights, responsibilities, and the benefits of the GST regime.
- **Balancing Economic Growth and Social Responsibility:** Ethical leaders understand the balance between economic growth and social responsibility. They would ensure that the GST regime supports economic development while also addressing social and environmental concerns.
- **Long-Term Sustainability:** Ethical leaders consider the long-term impact of their decisions. In shaping the future of the GST regime, they would focus on creating a sustainable tax system that contributes to the long-term well-being of society, businesses, and the environment.
- **Ethical Oversight and Compliance:** Ethical leaders prioritize ethical oversight and compliance. They would establish mechanisms to monitor and address any ethical breaches or violations within the GST system, ensuring that all parties adhere to ethical standards.

In essence, the future of the GST regime under ethical leadership involves a commitment to transparency, fairness, accountability, and the well-being of all stakeholders. Ethical leaders play a crucial role in shaping and guiding the evolution of the GST system to create a just and responsible taxation framework.

ETHICAL GOVERNANCE AND COMPANY SECRETARIES

The role of Company Secretaries in ethical governance is crucial for ensuring that organizations operate with integrity, transparency, and in accordance with ethical principles. Company Secretaries play a key role in embedding ethical values throughout the organization and fostering a culture of responsible conduct. Here are some specific ways in which Company Secretaries contribute to ethical governance:

- **Advising on Ethical Standards:** Company Secretaries provide guidance to the Board of Directors and senior management on ethical standards, Codes of Conduct, and best practices. They help develop and



communicate policies that promote ethical behavior and compliance with applicable laws and regulations.

- **Code of Conduct Implementation:** Company Secretaries assist in the formulation and implementation of the organization's Code of Conduct. They ensure that the code is comprehensive, aligns with ethical principles, and is effectively communicated to employees at all levels.
- **Compliance Oversight:** Company Secretaries monitor and assess the organization's compliance with ethical standards, legal requirements and regulatory obligations. They identify areas of potential non-compliance and work to rectify issues in collaboration with relevant stakeholders.
- **Whistleblower Protection:** Company Secretaries establish mechanisms for employees to report unethical behavior or concerns. They ensure that whistleblowers are protected from retaliation and that their concerns are appropriately investigated and addressed.
- **Board Ethics:** Company Secretaries support the Board of Directors in setting an ethical tone at the top. They assist the Board in understanding their ethical responsibilities, managing conflicts of interest, and making decisions aligned with ethical principles.
- **Transparent Communication:** Company Secretaries facilitate transparent communication between the organization and its stakeholders. They ensure that relevant information, including ethical policies, practices, and disclosures, is communicated accurately and in a timely manner.
- **Training and Education:** Company Secretaries organize training sessions and awareness programs to educate employees about ethical expectations, the Code of Conduct and the importance of ethical behavior in the workplace.
- **Risk Management:** Company Secretaries identify and assess potential ethical risks and vulnerabilities within the organization. They work with relevant departments to develop risk mitigation strategies and ensure that ethical considerations are integrated into overall risk management practices.

- **Ethical Auditing:** Company Secretaries contribute to ethical audits and assessments to evaluate the organization's adherence to ethical standards and identify areas for improvement. They collaborate with internal and external auditors to address any issues.
- **Crisis Management:** In times of ethical crises or misconduct allegations, Company Secretaries play a critical role in coordinating investigations, ensuring due process, and assisting in the development of remediation plans.
- **Continuous Improvement:** Company Secretaries facilitate ongoing reviews of the organization's ethical governance framework to ensure that it remains effective, relevant, and aligned with changing ethical and regulatory landscapes.

In essence, Company Secretaries serve as ethical gatekeepers, guiding organizations in their pursuit of ethical excellence. They contribute to a culture of integrity, accountability, and responsible conduct, helping organizations uphold their ethical commitments and maintain the trust of stakeholders.

CONCLUSION


In conclusion, ethical leadership is not merely a concept but a powerful force that shapes organizations, cultures, and societies. It represents a commitment to upholding values, principles, and moral standards even when faced with challenges and temptations to compromise. Ethical leaders inspire trust, promote fairness, and foster an environment where individuals can thrive both personally and professionally.

Throughout this article, we've explored the key characteristics of ethical leaders, such as integrity, transparency, empathy, and accountability. We've seen how ethical leadership is associated with improved employee morale, organizational reputation, and long-term success.

However, ethical leadership is not a one-size-fits-all solution. It requires continuous self-reflection and a commitment to personal growth. Leaders must be willing to adapt and learn from their mistakes. Moreover, organizations need to create structures that support and reward ethical behavior.

In a world marked by rapid change and complex challenges, ethical leadership stands as a beacon of hope and stability. It has the potential to drive positive change, foster innovation, and create lasting impact. As we move forward, let us recognize the significance of ethical leadership and strive to cultivate it not only in our leaders but in ourselves. By doing so, we can build a more just, compassionate, and sustainable future for all.

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- Examples in the Article have been picked up from Google Search.* 

Ethics, Social Responsibility and Governance

Responsible and sustainable management practices refer to strategies, policies and actions that prioritize the long-term well-being of an organization, its stakeholders, society, and the environment. These practices aim to balance economic growth, social progress and environmental protection.



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INTRODUCTION

The ethical principles and behaviour are essential for the proper functioning and effectiveness of any system of governance. The principle of ethic in governance will guide individuals and organisations in making decisions and determining what is right or wrong. In the context of governance, ethics plays a crucial role in shaping the behaviour of government officials, leaders and institutions, ethical governance involves acting in a manner that is fair, transparent, just and accountable to the citizen being governed.

Following points are tools for Ethics and Good Governance:-

- **Integrity:-** Ethical governance requires government officials to demonstrate integrity in their actions and decisions. This involves honesty, truthfulness and a commitment to upholding ethical standard.
- **Participation and Inclusion:-** Ethical governance encourages citizen participation and inclusion in decision-making processes. Inclusive governance ensures that diverse voices are heard and considered in policy formulation.
- **Long-Term Perspective:-** Ethical governance considers the long-term impact of decisions on future generations and environment. This involves making sustainable choices that preserve resources and protect the planet.

- **Fairness and justice:-** Ethical governance emphasizes the importance of treating all citizens fairly and justly, regardless of their socioeconomic background, ethnicity or other characteristics. Policies and decisions should be made with the goal of achieving social justice and equality.

ETHICS, SOCIAL RESPONSIBILITY AND GOVERNANCE

Ethics, social responsibility and governance are interrelated concepts that guide human behaviour and decision making of individuals, organizations and societies. They play a crucial role in shaping how businesses, governments, and individuals interact with each other and with the environment. Let's discuss each of these concepts:

• Ethics

Ethics refers to the moral principles and values that guide human behaviour. It involves distinguishing between right and wrong, and making decisions that are morally sound. Ethical behaviour involves considering the impact of one's actions on others and the society as a whole. In a business context, ethical practices might include treating employees fairly, being transparent with customers, and adhering to laws and regulations. Ethical considerations also extend to areas like environmental sustainability, data privacy, and social justice.

• Social Responsibility

Social responsibility is the idea that individuals and organizations have an obligation to contribute positively to society. It involves considering the broader societal impact of actions beyond just maximizing profits. Socially responsible organizations take steps to improve the well-being of communities, support charitable initiatives, and minimize negative externalities. This can encompass various aspects, such as environmental stewardship, community engagement, and ethical sourcing of materials.

- **Ethics and social responsibility**

Ethical behaviour often goes hand in hand with social responsibility. Organizations that prioritize ethics are more likely to engage in socially responsible practices. For example, a company that values ethical sourcing of materials is also contributing to the social responsibility of supporting fair labour practices and minimizing environmental harm.

- **Governance and Social Responsibility**

Corporate Governance also plays a role in promoting social responsibility. Effective governance structures can encourage organizations to integrate social responsibility into their strategic planning and operational activities. This can lead to initiatives that benefit communities and the environment.

- **Governance and ethics**

Strong Corporate Governance structures help enforce ethical standards within organizations. They establish oversight mechanisms that hold management accountable for ethical lapses. An ethical corporate culture promoted through governance mechanisms can lead to better decision-making and a reduced likelihood of unethical behaviour.

RESPONSIBLE AND SUSTAINABLE MANAGEMENT PRACTICES: THE KEY FOR LONGEVITY

“SUSTAINABILITY IS NOT A TREND;
IT’S THE FUTURE WE MUST DEFEND”

Responsible and sustainable management practices refer to strategies, policies and actions that prioritize the long-term well-being of an organization, its stakeholders, society, and the environment. These practices aim to balance economic growth, social progress and environmental protection. Here are some key aspects of responsible and sustainable management practices:

- **Environmental Stewardship:**

- ♦ Implementing eco-friendly practices to reduce the organization’s carbon footprint.
- ♦ Efficiently managing resources such as water, energy, raw materials to minimize waste.
- ♦ Investing in renewable energy sources and adopting circular economy principles.

- **Social Responsibility:**

- ♦ Prioritizing the well-being and fair treatment of employees, customers, suppliers, and communities.

- ♦ Promoting diversity, equity, and inclusion within the organization.
- ♦ Engaging in philanthropic activities and supporting local community development.

- **Ethical Governance:**

- ♦ Upholding high ethical standards in decision-making and operations.
- ♦ Ensuring transparency, honesty, and accountability in all business activities.
- ♦ Avoiding practices that could lead to conflicts of interest or corruption.

- **Stakeholder Engagement:**

- ♦ Activity involving stakeholders in decision-making processes to gather diverse perspectives.

Addressing concerns and feedback from stakeholders to improve business practices.

- **Long-term perspective:**

- ♦ Focusing on sustainable growth rather than short-term profits.
- ♦ Planning for the organization’s resilience in the face of economic, social and environmental challenges.

- **Innovation and adaptation:**

- ♦ Embracing innovation to develop products, services, and processes that are environmentally friendly and socially beneficial.
- ♦ Adapting and changing market conditions and regulatory landscapes to stay relevant.

- **Supply chain Responsibility:**

- ♦ Ensuring that suppliers and partners also adhere to responsible and sustainable practices.
- ♦ Minimizing negative impacts throughout the entire supply chain.

- **Measureable Goals and Reporting:**

- ♦ Setting clear sustainability goals and regularly measuring and reporting progress.
- ♦ Utilizing key performance indicators (KPIs) to track improvements and identify areas for further enhancement.

- **Risk Management:**

- ♦ Identifying and mitigating potential risks related to environmental, social, and governance, issues.
- ♦ Building resilience to uncertainties that could affect the organization’s operation and reputation.

The approach you choose might depend on your personal ethical framework, cultural factors, and the context of the situation. Ethical dilemmas often serve as a way to engage in thoughtful discussions about morality, values, and the complexities of decision-making.

- **Regulatory compliance**
 - ♦ Adhering to relevant laws and regulations related to environmental protection, labour rights and more.
 - ♦ Going beyond compliance to demonstrate commitment to responsible practices.

LONG TERM PRICE OF UNETHICAL BEHAVIOUR

Engaging in unethical behaviour can have both short-term and long term consequences, some which may impact an individual and organization's financial aspects. It's important to note that while unethical behaviour might provide short term gains, the long term consequences can be damaging. Here are some potential long term impacts on price (financial consequences) that unethical behaviour can lead to:

- **Reputation Damage:**

Unethical behaviour can lead to a damaged reputation, eroding trust among customers, clients, partners, and stakeholders. A tarnished reputation can result in decreased customer loyalty, which could lead to a decline in sales and profits over time.
- **Long sequences :**

Unethical behaviour often involves breaking laws and regulations. Legal actions, fines, penalties, and legal fees can have significant financial impacts on both individuals and organizations. These costs can accumulate overtime and lead to financial instability.
- **Loss of Talent :**

Unethical behaviour can drive away talented employees who want to work for ethical and responsible organizations. The loss of skilled workers can hinder innovation and productivity, impacting long term growth potential.
- **Stakeholder Distrust:**

Unethical behaviour can lead to a lack of trust from stakeholders, including investors and shareholders. This can result in reduced

investments, a lower stock price, and limited access to capital in the long run.

- **Market Perception:** The market's perception of a company's ethical stance can influence its valuation. Companies known for unethical behaviour may experience lower valuation multiples compared to their competitors, impacting their stock prices and market capitalization.
- **Consumer Boycotts:**

Widespread awareness of unethical behaviour can lead to consumer boycotts and a loss of market share. Such negative sentiment can have long lasting effects on sale and revenue.
- **Higher operational costs:**

Unethical practices can lead to operational inefficiencies and increased costs in the long term. For example, neglecting environmental regulations might result in fines and clean up expenses, impacting the bottom line.
- **Litigation costs:**

Unethical behaviour can lead to legal battles, lawsuits, and settlements. The costs associated with legal proceedings and settlements can be substantial and can impact a company's financial health over time.
- **Loss of Competitive Advantage :**

Businesses that engage in unethical behaviour might provide a short term competitive advantage, but in the long run, it can lead to the loss of that advantage. Ethical companies often have stronger brand loyalty and a more sustainable competitive edge.
- **Limited Growth Opportunities:**

Businesses that engage in unethical behaviour might find it difficult to expand into new markets or form partnerships with ethical companies. This limitation on growth opportunities can hinder long term profitability.

In summary, while unethical behaviour might seem advantageous in the short term, the long-term financial consequences can be severe and far-reaching. Maintaining ethical practices and a good reputation is essential for sustainable financial success.

ETHICAL DILEMMAS AND POSSIBLE SOLUTIONS: CASE STUDY ANALYSIS

Certainly, ethical dilemmas are situations where a person faces a difficult choice between two morally conflicting options. Let's explore a common ethical dilemma and some possible solutions:

- **Ethical Dilemma: A Trolley Problem**

Imagine you are standing by a set of train tracks, and a runaway trolley is headed towards 5 workers who are unaware of the danger. You have the power to divert the Trolley onto another track, but doing so would cause it to hit one worker who is also unaware of the situation. What do you do?

Possible solutions

- **Do nothing:** Some argue that inaction is the most ethical choice, as you are not directly causing harm. However, critics may argue that failing to act when you can prevent harm is also a moral choice.
- **Divert the Trolley:** Others might choose to divert the trolley, sacrificing the person to save five. This Utilitarian approach focuses on minimizing overall harm and maximizing good outcomes.
- **Utilize a Middle Path:** You could shout to alert the workers and give them chance to move out of the harm's way. This option aims to prevent harm without directly making a decision about who lives or dies.
- **Sacrifice Yourself:** You could jump onto the tracks, sacrificing yourself to stop the trolley. This solution reflects a selfless moral perspective, valuing the preservation of human life above all else.
- **Consider Random Chance:** You could design a system that randomly diverts the trolley's path, removing the burden direct choice. However, this might still raise ethical concerns if it seems arbitrary or lacks a clear rationale.
- **Prioritize Informed Consent:** If possible, you could use the time you have to communicate with both group of workers, explaining the situation and seeking their input on the course of action. This approach respects their autonomy and values their lives.
- **Structural Solutions:** Address the root cause of the dilemma by improving safety measures and protocols to prevent such situations from occurring in the first place. This focusses on the long term ethical considerations rather than immediate choices.

It's important to note that there might not be a definitive "right answer to ethical dilemma. The approach you choose might depend on your personal ethical framework, cultural factors, and the context of the situation. Ethical dilemmas often serve as a way to engage in thoughtful discussions

about morality, values, and the complexities of decision-making.

MODERN DAY ETHICAL CHALLENGES:

Here are few prominent ethical challenges:

- **Privacy and surveillance:** The rapid advancement of technology, especially in the realm of surveillance, data collection, and artificial intelligence has raised concerns about the balance between personal privacy and security. Issue like mass surveillance, data breaches, and the use of personal data for targeted advertising have sparked debates about the extent to which governments and corporations should be allowed to access and utilize individual's private information.
- **Artificial intelligence and Automation:** The increasing integration of AI and automation into various industries poses ethical questions about job displacement, biased algorithms, and decision making processes. There are concerns about the accountability of AI systems and the potential for reinforcing existing societal biases if not properly designed and monitored.
- **Climate change and Environmental Ethics:** The global challenge of climate change raises ethical questions about responsibility, resource distribution and intergenerational justice. Determining how to address climate change fairly, particularly when the effects disproportionately impact vulnerable populations is a complex ethical dilemma.
- **Biotechnology and genetic engineering:** Advance in biotechnology, including gene editing techniques like CRISPR, have open up possibilities for modifying human DNA, raising ethical questions about the boundaries of what is acceptable in terms of altering the fundamental aspects of life.
- **Social Media and Online Discourse:** The rise of social media has brought about concern related to misinformation, echo chambers, cyberbullying and the influence of algorithms on shaping public opinion. The ethical challenge lies in promoting healthy online communication while respecting freedom of speech.
- **Global Health Crisis:** The COVID-19 pandemic has highlighted ethical dilemmas related to public health, including vaccine distribution, allocation of scarce medical resources and balancing individual rights with collective well-being.

These challenges represent just a subset of the complex ethical issues faced in the modern world. Addressing these challenges requires thoughtful consideration, informed debate, and

collaboration among individuals, communities, governments and organizations. It's important to stay informed about the evolving ethical landscape and engage in discussions to find balanced and just solutions.

ACCOUNTABILITY AND TRANSPARENCY: UNLOCKING ETHICAL LOCKS

Accountability and transparency play crucial roles in unlocking ethical locks within various domain of society, such as government, business, and technology. By promoting this principles, we can ensure responsible behaviour, build trust and address ethical concerns effectively. Let's explore how accountability and transparency contribute to unlocking ethical locks:

- **Government and Public Institutions:**
 - ♦ **Accountability:** Holding government officials and public institutions accountable for their actions ensures that they act in the best interests of citizens. This can be achieved through mechanisms like elections, oversight bodies and public reporting.
 - ♦ **Transparency:** Transparent governance practices, such as open data initiatives and public disclosure of decision-making processes, allows citizens to understand how policies are formulated and implemented. This reduces the likelihood of corruption and abuse of power.
- **Business and Corporate Ethics:**
 - ♦ **Accountability:** Businesses must be accountable for their impact on stakeholders, including employees, customers and the environment. This requires clear responsibility for outcomes and adherence to ethical standards.
 - ♦ **Transparency:** Transparent business practices involve openly sharing information about products, services, pricing, and supply chains. This empowers consumers to make informed choices and encourages companies to operate ethically.
- **Technology and Data Privacy:**
 - ♦ **Accountability:** In the digital age, companies that handle user data must be accountable for safeguarding it and using it responsibly. This includes being transparent about data collection, storage, and usage practices.
 - ♦ **Transparency:** Tech companies can build trust by being transparent about their algorithms, content moderation policies, and data sharing practices. This helps users

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understand how their data is used and how decisions affecting them are made.

- **Environmental Sustainability:**
 - ♦ **Accountability:** Industries that impact the environment should be held accountable for their ecological footprint. This involves adhering to regulations and taking responsibility for mitigating environmental harm.
 - ♦ **Transparency:** Companies can demonstrate their commitment to environmental sustainability by transparently sharing their sustainability goals, progress, and initiatives with the public. This encourages them to stay accountable for their environmental impact.
- **Research and Innovation:**
 - ♦ **Accountability:** Researchers and innovators should be accountable for the potential ethical implications of their work. This includes considering the societal and ethical consequences of new technologies and innovations.
 - ♦ **Transparency:** Transparent communication of research methodologies, findings, and potential risks helps experts and the public assess the ethical dimensions of emerging technologies and innovations.

In essence, accountability and transparency are key to addressing ethical concerns and building a more just and responsible society. They provide the means to hold individuals, organizations, and institutions responsible for their actions, ensure they remain aligned with ethical principles, and enable public scrutiny. By emphasizing these principles, ethical locks can be unlocked, fostering a more transparent, accountable, and trustworthy environment for all.

MAINTAINING ETHICAL BALANCE: ROLE OF TECHNOLOGY

Maintaining ethical balance in the realm of technology is a crucial and multifaceted challenge that requires the active involvement of individuals, organizations, governments, and society as a whole. As technology continues to advance and shape various aspects of our lives, it brings about both opportunities and risks that must be carefully navigated to ensure that its impact is positive and beneficial. Here are some key considerations and approaches for maintaining ethical balance in the use of technology:

- **Ethical Design and Development:**
 - ♦ **Human-Centered Design:** Prioritize the



needs, values, and well-being of users when designing and developing technologies. This involves considering potential biases, inclusivity, and accessibility to ensure that the technology benefits a diverse range of people.

- ♦ **Transparency:** Clearly communicate how technology works, what data it collects, and how that data is used. Transparency builds trust and allows users to make informed choices.
- **Privacy and Data Protection:**
 - ♦ **Data Minimization:** Collect and retain only the data that is necessary for the intended purpose. Limit the scope of data collection to reduce the risk of misuse.
 - ♦ **User Consent:** Obtain informed and explicit consent from users before collecting their data. Users should have control over how their data is used.
- **AI and Automation:**
 - ♦ **Accountability:** Ensure that decisions made by AI systems are understandable and traceable. If an AI system makes a decision, there should be a way to explain how and why that decision was reached.
- ♦ **Bias Mitigation:** Actively work to identify and address biases in AI algorithms to prevent discrimination and ensure fairness.
- **Cyber security and Digital Trust:**
 - ♦ **Secure Design:** Integrate security measures from the outset of technology development to protect against cyber threats and data breaches.
 - ♦ **User Empowerment:** Educate users about online security best practices to empower them to protect their own digital presence.
- **Social Impact and Responsibility:**
 - ♦ **Accountability of Tech Companies:** Hold technology companies accountable for the impact of their products and services on society. Encourage responsible innovation that considers broader societal consequences.

- ♦ **Digital Divide:** Work to bridge the digital divide by ensuring equitable access to technology, as lack of access can exacerbate existing inequalities.
- **Regulation and Policy:**
 - ♦ **Ethical Frameworks:** Develop and implement ethical guidelines and frameworks for the development and deployment of technology. These could be established by governments, industry associations, or international bodies.
 - ♦ **Laws and Regulations:** Enact laws and regulations that govern the ethical use of technology, particularly in areas like data protection, AI, and surveillance.
- **Continuous Learning and Adaptation:**
 - ♦ **Ethics Education:** Promote education and awareness about the ethical implications of technology among developers, users, and decision-makers.
 - ♦ **Agile Ethical Frameworks:** Create flexible frameworks that can evolve alongside technological advancements to address emerging ethical challenges.
- **Collaboration and Multidisciplinary Approach:**
 - ♦ **Stakeholder Engagement:** Involve various stakeholders, including ethicists, technologists, policymakers, and community representatives, in discussions about the ethical implications of technology.
 - ♦ **Holistic Approach:** Address ethical considerations from various perspectives to ensure a comprehensive approach to technology's impact.

Maintaining ethical balance in technology requires ongoing vigilance and a commitment to prioritizing human values and well-being. It's an evolving process that demands collaboration, adaptability, and a collective effort to shape technology in ways that benefit society as a whole.

GST REGIME: THE FUTURE AHEAD

As per my understanding, some potential future trends and considerations that could shape the GST regime's future:

- **Technology Integration:** GST implementation often involves significant technological upgrades, such as electronic invoicing, real-time reporting, and online compliance. The future might see further advancements in these technologies

to enhance tax administration and reduce tax evasion.

- **Broader Tax Base:** Governments might look to expand the tax base by including more sectors under the GST net. This could involve reducing exemptions and including currently exempted goods and services.
- **Rate Rationalization:** Over time, there could be efforts to rationalize GST rates to simplify the structure and reduce complexity. This could involve consolidating the current multiple rate slabs into fewer categories.
- ♦ **Cross-Border Trade:** For countries that have implemented GST, managing cross-border trade and international transactions has been a challenge. In the future, there might be more standardized mechanisms for handling GST on imports and exports.
- ♦ **Evolving Compliance Framework:** Governments and tax authorities might continue to refine compliance requirements to make them more business-friendly while ensuring effective tax collection.
- ♦ **Data Analytics and Compliance:** With the availability of vast amounts of transaction data, tax authorities could increasingly employ data analytics and artificial intelligence to identify potential cases of tax evasion and non-compliance.
- ♦ **GST Council Decisions:** In countries where GST is governed by a council or similar body, decisions taken by these entities will play a crucial role in shaping the future of the GST regime. Changes in tax rates, exemptions, and compliance norms will depend on these discussions.
- ♦ **Economic and Political Factors:** Economic conditions and political considerations will always influence tax policies. Changes in government, economic priorities, and global trade dynamics will impact how the GST regime evolves.
- ♦ **Public Feedback and Business Input:** Governments may consider feedback from businesses and the public to fine-tune the GST framework. Regular dialogues and consultations could lead to adjustments in policy.

Remember that the future of the GST regime will be influenced by a complex interplay of economic, political, and technological factors. It's advisable to stay updated with the latest news and official announcements from relevant government bodies to understand how the GST regime evolves.

ETHICAL GOVERNANCE AND COMPANY SECRETARIES:

Ethical governance and the role of Company Secretaries are crucial aspects of ensuring transparency, accountability and responsible business practices within organizations. Let's break down these two concepts:

- **Ethical Governance:**

Ethical governance refers to the framework, principles, and practices that guide an organization's decision-making processes and behaviour in an ethical and responsible manner. It involves aligning business activities with societal values, legal requirements, and moral standards. Ethical governance encompasses not only following the letter of the law but also adhering to higher ethical standards even when there might not be explicit legal mandates.

Key components of ethical governance include:

- **Code of Ethics:** Organizations often have a formal code of ethics that outlines the values and principles they uphold. This code serves as a reference for employees, stakeholders, and the public regarding the ethical standards the organization commits to.
- **Ethics Training:** Companies provide ethics training to employees to educate them about ethical dilemmas they might encounter in their roles and how to make responsible decisions.
- **Whistle blower Protection:** Establishing mechanisms for employees to report unethical behaviour without fear of retaliation is essential. Whistle blower protection ensures that wrongdoing can be exposed and addressed internally.
- **Ethics Committees:** Some organizations have ethics committees responsible for reviewing and advising on ethical matters and ensuring compliance with ethical policies.
- **Stakeholder Engagement:** Ethical governance involves considering the interests of all stakeholders, including employees, customers, investors, communities, and the environment.
- **Company Secretaries:**

A Company Secretary is a senior executive who plays a vital role in ensuring the effective functioning of an organization, especially in terms of corporate governance, compliance, and ethical practices. Their role varies by jurisdiction and company size, but their primary responsibilities often include:

- **Corporate Governance:** Company Secretaries assist the Board of Directors in maintaining good Corporate Governance practices. They help ensure that board decisions are in line with legal and regulatory requirements.
- **Compliance:** Company Secretaries are responsible for ensuring the organization's compliance with relevant laws, regulations, and industry standards. They help prevent legal and regulatory violation.
- **Board Support:** They organize and facilitate Board Meetings, prepare meeting agendas and materials, and ensure accurate record-keeping of Board Minutes and resolutions.
- **Disclosure and Transparency:** Company Secretaries play a role in ensuring accurate and timely disclosure of information to shareholders, regulators, and the public. This contributes to transparency in the organization's operations.
- **Ethics and Values:** Company Secretaries often work to uphold ethical standards within the organization. They assist in developing and implementing ethical policies and programs.
- **Stakeholder Communication:** They often act as a liaison between the organization, its stakeholders, and regulatory authorities.

In the context of ethical governance, Company Secretaries can help embed ethical principles into the organization's governance structures and practices. They contribute to creating a culture of integrity and responsibility by facilitating communication and coordination among various stakeholders.

Overall, the combination of ethical governance and the role of Company Secretaries helps organizations operate in a manner that not only complies with laws but also reflects a commitment to ethical behaviour, transparency, and the well-being of all stakeholders.

CONCLUSION:

In conclusion, ethical leadership serves as the foundational cornerstone for achieving sustainable governance in any organization or society. This concept emphasizes the integration of moral values, principles, and transparency into the decision-making processes and actions of leaders.

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Modern day Ethical Challenges

Business ethics deal with three basic areas of managerial decision making: (1) choices about what the laws should be and whether to follow them, (2) choices about economic and social issues outside the domain of law and (3) choices about the priority of self-interest over the company's interests.



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INTRODUCTION

WHAT IS ETHICS AND WHAT ARE THE AREAS OF ETHICAL THEORY?

Ethics is derived from the Greek word *ethos* meaning “character” and is also known as moral philosophy, which is a branch of philosophy that involves “systematizing, defending and recommending concepts of right and wrong conduct.” Ethics involves understanding the differences between right and wrong thinking and actions and using principled decision making to choose actions that do not hurt others. Although intuition and creativity are often involved in having to decide between what seems like two wrong or less desirable choices in a dilemma where there are no easy alternatives, using ethical principles to inform our thinking before acting hastily may reduce the negative consequences of our actions. The following three general areas constitute a framework for understanding ethical theories:

1. **Metaethics:** - It considers from where one's ethical principles come and what they mean.
2. **Normative ethics:** - It is more practical. It involves prescribing and evaluating ethical behaviours- what should be done in the future.
3. **Descriptive ethics:** - It involves the examination of other people's beliefs and principles. It also relates to presenting or describing but not interpreting or evaluating facts, events and ethical actions in specific situations and places.

Laura Nash defined business ethics as “the study of how personal moral norms apply to the activities and goals of commercial enterprise. It is not a separate moral standard, but the study of how the business context poses its own unique problems for the moral person who acts as an agent of this system.” Nash stated that business ethics deals with three basic areas of managerial decision making: (1) choices about what the laws should be and whether to follow them, (2) choices about economic and social issues outside the domain of law and (3) choices about the priority of self-interest over the company's interests.

UNETHICAL BEHAVIOUR:

The top five most frequently observed unethical behaviours are:

1. Misuse of company time.
2. Abusive behaviour.
3. Lying to employees.
4. Company resource abuse.
5. Violating Company Internet use policies.

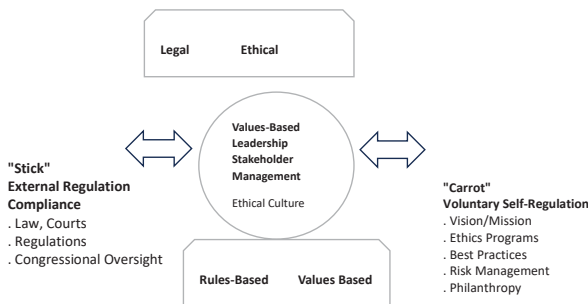
Types of misconduct with the largest increases includes sexual harassment, substance abuse, insider trading, illegal political contributions, stealing and environmental violations. Many employees still do not report misconduct that they observe, and fear of retaliation is increasingly valid. The most common forms of retaliation include exclusion by management from decision and work activity, cold shoulder attitudes from other employees, verbal abuse from management, not given promotion or raises, and cut pay or hours. This retaliation can lead to instability in the workplace by driving away talented employees.

MANAGING AND BALANCING CORPORATE GOVERNANCE, COMPLIANCE AND REGULATION

While leaders and their teams build the reputations of their corporations through high productivity, trust and good deeds shown towards their stakeholders while satisfying competitive demands of the marketplace, it is also true that laws and regulations set standards for acceptable and unacceptable business practices and behaviours. Just as the market is not entirely free, neither are all stakeholders and constituencies honest, fair and

just in their motives and business transactions. The corporate scandals exemplified by Enron and others demonstrated that an entire corporation can be brought down by top-level executives and their teams. Lessons from the scandals also showed that corporate boards of directors, CEOs, chief financial officers (CFOs), and other top-level administrators require constraints, compliance rules, regulation and the threat and provision of punishment when crimes are committed. Wrongdoers inside and outside corporations must have boundaries set and disciplinary actions applied not only to protect the innocent, but also to enable businesses to exist and succeed. The following figure illustrates a “carrot and stick” balancing approach that effective corporations use in providing both a legal and ethical culture and transactions, internally as well as with external stakeholders.

Corporate Social Responsibility and Stakeholder Management: Balancing the Carrot and Stick Approaches



ETHICAL DILEMMAS

An ethical dilemma is a problem or issue that confronts a person, group or organisation and that requires a decision or choice among competing claims and interests, all of which may be unethical (i.e., against all parties' principles). Decision choices presented by an ethical dilemma usually involve solutions that do not satisfy all stakeholders. Ethical dilemmas that involve many stakeholders require a reasoning process that clearly states the dilemma objectively, and then proceeds to articulate the issues and different solution alternatives.

Quick Ethical Tests

Some short ethical tests that can be taken before making decisions are:

1. **The Test of Common Sense:** - “Does the action, I am getting ready to take really make sense”? Think before acting.
2. **The Test of One’s Best Self:** - “Is this action or decision, I’m getting ready to take compatible with my concept of myself at my best?”
3. **The Test of Ventilation:** - Do not isolate yourself with your dilemma. Get other’s feedback before acting or deciding.



4. **The Test of the Purified Idea:** - “Am I thinking this action or decisions is right just because someone with authority or knowledge says it is right?” You may still be held responsible for taking the action.

ETHICAL PRINCIPLES

The following ethical principles can be applied to individual, group and organisational belief systems, policies and motives.

1. The common good principle
2. Rights
3. Justice
4. Utilitarianism
5. Relativism
6. Universalism

REAL TIME ETHICAL DILEMMA WHOSE VALUES? WHOSE DECISION?

The following is a sample case study: -

Robert Algerio is a sales manager at a software company that produces a search interface for databases with indexed information. The company is an established vendor and has a good reputation in the market for its high-quality products, fast and personal customer support, and strong loyalty to its customers. Part of the values statement of the company includes, “We will treat our customers with respect and dignity.”

In his first year with the company, Robert noticed that the sales force was having difficulty acquiring new customers and retaining existing ones. The problem was complex: a shrinking market with continuously increasing buying power, increasing competition, and the emergence of free alternatives from the Internet. These problems started to significantly affect the company’s revenue. The company’s reaction was to drastically decrease the cost of its products, bundle databases into packages and start to alter product introductions by including several value-added services that were new to the market.

Robert's boss suggested that Robert take over the responsibility for the yearly renewals of customer subscriptions from the Company's Secretary, which previously had been regarded as an easy clerical procedure. When he started to check the old accounts and follow up with renewals, he faced a problem that he thought would never have occurred: unfair treatment of old customers in comparison to new customers in terms of the product pricing. Existing customers were offered renewal at triple the price of the same package offered to new customers.

When he asked his boss whether he should inform the old customers that the price had changed and whether the old customers could now benefit from the lowered price, the answer was, "Why don't we try to get this price? If the customer refuses to pay it, then we'll negotiate." An additional difficulty was that, in the last few months, information had been disseminated to all customers that made the company's new pricing strategy visible to customers. Robert shared the fact with his boss that this information was already available to customers and pointed out the contradiction. His boss remained insistent, to the point of shouting, that Robert follow his previous instructions with the sales force.

Robert felt he was betraying the company, the customer, his sales force and his own professional values. He didn't want to lose his job, and he didn't want to lose any more customer accounts.

Robert has an ethical dilemma – whether to uphold his own professional values or obey his boss?

BEST CORPORATE BOARD GOVERNANCE PRACTICES

Most corporate Board act responsibly toward their stakeholders and in the best interests of shareholders. Some large corporate scandals of the early 2000s have yielded response in the form of several best practices on the part of the Board of Directors. The Board of Directors must be committed to its functions, be functional and make informed decisions. This can be achieved through greater objectivity, independence and oversight by all board members.

The 2002 Sarbanes-Oxley Act (SOX) best defines the regulations and best practices for companies and their Board of Directors. It was a direct regulatory response by Congress to corporate scandals. A summary of SOX shows that federal provisions were established to provide oversight, accountability and enforcement of truthful and accurate financial reporting in public firms. Some of the major issues included:

1. A lack of an independent public Company Accounting Board to oversee audits.
2. Conflicts of interests in companies serving as auditors and management consultants to companies.

As the market is not entirely free, neither are all stakeholders and constituencies are honest, fair and just in their motives and business transactions.

3. Holding top level officers (CEOs and COOs) accountable for financial statements.
4. Protecting whistle-blowers.
5. Requiring ethics codes for financial officers.

The key aspects of SOX can be summarised as follows:

1. Establishes an independent Public Company Accounting Board to oversee audits of public companies.
2. Requires one member of the audit committee to be an expert in finance.
3. Requires full disclosure to stockholders of complex financial transactions.
4. Requires CEOs and CFOs to certify in writing the validity of their company's financial statements.
5. Prohibits accounting firms from offering other services like consulting while also performing audits. This constitutes a conflict of interest.
6. Requires ethics codes for financial officers of companies that are registered with the Securities and Exchange Commission (SEC).
7. Provides a 10-year penalty for wire and mail fraud.
8. Requires mutual fund professionals to disclose their vote on shareholder proxies, enabling investors to know their stocks influence decisions.
9. Provides whistle blower protection for individuals who report wrongful activities to authorities.
10. Requires attorneys of companies to disclose wrong doings to senior officers and to the Board of Directors, if necessary; attorneys should stop working for the companies if senior managers ignore reports of wrong doings.

There are other "best practices" guidelines for boards including:

1. Separating the role of chairman of the board when the CEO is also a Board Member.
2. Setting tenure rules for Board Members.
3. Regularly evaluating itself and the CEO's performance.
4. Prohibiting Directors from serving as consultants to the companies which they serve.

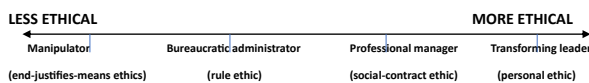


5. Compensating Directors with both cash and stock.
6. Prohibiting retired CEOs from continuing Board Membership.
7. Assigning independent Directors to most members who meet periodically without the CEO.

ETHICAL DIMENSIONS OF LEADERSHIP STYLES

Every leadership style has an ethical dimension. The following spectrum of styles is illustrated here because it reflects some of the ethical principles.

Moral Leadership Styles



The manipulator leadership style views leadership amorally. That is, the end result justifies the means taken to reach it. Power is the driving force behind a manipulator’s motives. This is an egotistically and essentially economically motivated moral leadership style. Leaders who lack trust and interest in relationship building and are oriented toward the short term may also be manipulators. Although the motives underlying this style may be amoral, the consequences could prove immoral.

The bureaucratic administrator adopts a rule- based moral leadership style. The bureaucratic administrator

acts on the rational principles embodied in an ideal organisational bureaucracy, that is, fixed rules that explain the purpose and functions of the organisation, a hierarchy that shows the chain of command, well defined job descriptions, professional managers who communicate and enforce the rules, and technically qualified employees who are promoted by expertise and rewarded by rank and tenure. The driving force behind this style is efficiency.

The professional manager aims at effectiveness and “doing things right.” This management style relies like the previous two styles on amorality for getting work done. Professional career managers use rational objectives and their training to accomplish the organisation’s work. The organisation’s corporate culture and the social contract -implicit and explicit agreements-made between the managers and organisational executives set the ground rules that govern the manager’s behaviour.

The transforming leadership style is grounded on personal ethic. The transformational leader bases his or her effectiveness on relationships with followers. Also, this style focuses on the charisma, energy and excitement the leader brings to relationships. The transformational leader is involved in the growth and self-actualisation of others and views others according to their potential. This leadership style is moral because it raises the level of human conduct and aspirations of both leaders and led, and thus has a transforming effect on both.

Corporate and organisational leaders set the vision, mission and the values of their enterprises. Leaders also help define the culture of companies that determine their firms ethical and legal boundaries and contributions. The following illustrates a strategic alignment model that leaders can use to guide their strategy development process.

Using actual situations in which you served in a leadership role, score the following statements with regard to how each statement characterises your leadership style.

1= Very little, 2= Somewhat, 3= Moderately, 4= Lot, 5= Most of the time

1. I act ethically even if my peers disagree with me. 1 2 3 4 5
2. I generally speak out for what I believe is right regardless of pressure from others. 1 2 3 4 5
3. I tell others when I sense there are wrongdoing or hurtful activities about to happen. 1 2 3 4 5
4. I maintain composure when people try to pressure me into saying or doing unjust things. 1 2 3 4 5
5. I do not back down when I know that others are violating just rules and procedures. 1 2 3 4 5
6. I don't go along with the crowd when I know they are wrong or acting unethically. 1 2 3 4 5
7. My decisions are generally ethical and based on principles not on random acts of instant gratification or whim. 1 2 3 4 5
8. I say and do the right thing even if I lose the favour of some friends. 1 2 3 4 5
9. I generally act from my beliefs and ethical principles first, regardless of the approval of my friends. 1 2 3 4 5
10. I go with what's right for a project even though my friends and colleagues may turn against me. 1 2 3 4 5

Add up your score. Total of 10 statements. If you received 40 or more, you are considered a courageous leader.

FAILURES OF ETHICAL LEADERSHIP

Corporate leaders can and do fail when their decisions lack moral courage. The following seven symptoms of the failure of ethical leadership provide a practical lens to examine a leader's shortsightedness:

1. Ethical blindness- They do not perceive ethical issues due to inattention or inability.
2. Ethical muteness- They do not have or use ethical language or principles.
3. Ethical incoherence- They are not able to see inconsistencies among values they say they follow, e.g., they say they value responsibility, but reward performance based only on numbers.

4. Ethical paralysis- They are unable to act on their values from lack of knowledge or fear of the consequences of their actions.
5. Ethical hypocrisy- They are not committed to their espoused values. They delegate things they are unwilling to or cannot do themselves.
6. Ethical schizophrenia- They do not have a set of coherent values; they act one way at work and another at home.
7. Ethical complacency- They believe they can do no wrong because of who they are. They believe they are immune to being unethical.

MAINTAINING ETHICAL BALANCE: ROLE OF TECHNOLOGY

The technological environment has ushered in the advent of electronic communication, online social networking and near constant connectivity to the Internet, all of which are changing economies, industries, companies and jobs. Jobs that are based on routine technologies and rules-oriented procedures are vulnerable to outsourcing. Online technology facilitates changing corporate best practices. Company supply chains are also becoming virtually and globally integrated online. Although speed, scope, economy of scale and efficiency are transforming transactions through information technology, privacy and surveillance issues continue to emerge. The balance between surveillance and convenience continues to blur. Company needs to use high level of surveillance to monitor the technology for maintaining ethical standards.

CONCLUSION:

Ethical problems are not merely an individual or personal matter. It is helpful to see where issues originate. Some of the more predominant ethical issues that professionals in international settings experience include bribery and gifts, sexual and racial discrimination, piracy and intellectual property protection. Ethical components of company include management's trustworthiness, whether managers at all levels talk about ethics and model appropriate behaviour, the extent to which employees value and support ethical conduct, accountability and transparency. Companies can reduce ethics risks by investing in a strong ethics and compliance program.

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Can Limited Liability Partnership be considered Subsidiary of a Company?

Separate entities formed by an apex company (holding company) can be in the form of companies or partnership firm or limited liability partnership (LLP) or any other form, depending on the nature of business of the organization. Due to flexibility in operations and movement of funds, LLP is a preferred option by many corporates. Many times, questions are raised that whether separate entity formed in the nature of LLP can be considered as subsidiary or not? As per LLP Act, 2008, LLP is a body corporate but does not have features of a company. Hence this question arises that whether LLP would be considered as subsidiary under the Act or would LLP be excluded from the definition of 'subsidiary' and what can be implication of this interpretation for compliance of various provisions of The Act.



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INTRODUCTION

It is very common phenomenon for large corporate to have various subsidiaries. As subsidiary companies are legally separate entities, this structure is used for decreasing the holding company's liability while growing its business. One more benefit is that the law provides certain exemptions for transaction between holding and subsidiaries such as exemption provided under Section 185, 186 of the Companies Act ("the Act") subject to fulfilling prescribed conditions. However, to avoid mis-utilisation of structures, certain transactions between holding company and subsidiaries are restricted such as subsidiary cannot

hold shares of holding company, restriction on having more than two layers of subsidiaries, etc.

Such separate entities formed by an apex company (holding company) can be in the form of companies or partnership firm or limited liability partnership (LLP) or any other form, depending on the nature of business of the organization. Due to flexibility in operations and movement of funds, LLP is a preferred option by many corporates. Many times, questions are raised that whether separate entity formed in the nature of LLP can be considered as subsidiary or not? As per LLP Act, 2008, LLP is a body corporate but does not have features of a company. Hence this question arises that whether LLP would be considered as subsidiary under the Act or would LLP be excluded from the definition of 'subsidiary' and what can be implication of this interpretation for compliance of various provisions of The Act will be a subject of discussion in this article.

DEFINITION OF 'SUBSIDIARY'

In the context of any company, the term 'subsidiary' has been defined at two places – one under section 2(87) of the Act and another under the accounting standards, i.e., AS-21 and Ind AS-110. Section 133 of the Act empowers the Central Government to prescribe the standards of accounting. Accordingly, the Companies (Indian Accounting Standards) Rules, 2015 [which was introduced in 2015 for the first time] and the Companies (Accounting Standards) Rules, 2021 [which were previously in the form of the Companies (Accounting Standards) Rules, 2006 prescribed under Companies Act, 1956] are the two Rules under The Act which lay down various accounting standards to be followed by companies.

The Companies (Indian Accounting Standards) Rules, 2015 are applicable for below companies:-

- i. Companies (including NBFCs) whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India (other than 'SME exchange' as referred to in Chapter XB or on the 'Innovators Growth Platform' without initial public offering in accordance with the provisions of Chapter XC of the SEBI ICDR Regulations.

- ii. Companies (including NBFCs) other than those mentioned in clause (i) above and having net worth of Rs. 250 crores.
- iii. Companies which are holding, subsidiary, joint venture or associate companies of the companies mentioned in clauses (i) or (ii) above.

The Companies (Accounting Standards) Rules, 2021 [which had been in existence since 2006] is applicable to all other companies to whom the Companies (Indian Accounting Standards) Rules, 2015 are not applicable.

Hence the accounting standards also do emanate from the Act only. Therefore, it can be said that the Act directly or indirectly recognises two definitions for 'subsidiary'.

CONCEPT OF SUBSIDIARY/SUBSIDIARY COMPANY UNDER THE ACT

Section 2(87) of the Act defines subsidiary/subsidiary company. As per definition of subsidiary under section 2(87), "subsidiary company" or "subsidiary", in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one half of the total voting power either at its own or together with one or more of its subsidiary companies."

Hence one company can be called as subsidiary of other company if that other company holds more than 50% voting power in the subsidiary. If one Company (say H) holds or controls more than 50% of the total voting power of another company (say S), it makes S as H's Subsidiary.

One more way of being a holding company is by controlling composition of board of directors of the subsidiary. Clause (b) of the Explanation appended to section 2(87) provides that "the composition of a company's board of directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors."

If one company (H) exercises less than half the total voting power in another company (S), but controls the composition of the board of directors of S, i.e. H has an absolute and unrestricted power to appoint or remove all or the majority of the directors of S, then H is the holding company and S is the subsidiary company. This criterion would apply regardless percentage of control by virtue of the voting power of H in S. This criterion is based on the ability to control the composition of a majority of the directors of the subsidiary.

Subsidiary may be Company or body corporate: As explained above, a subsidiary company is controlled by another company, i.e., its holding company, through control over voting power or through control over the composition of the other company's board of directors. According to clause (c) of the Explanation in the definition of 'subsidiary'¹, "the expression "company" includes any body corporate." The effect of this is that a subsidiary may be either a company incorporated under the Companies Act or a body corporate which is not a company. Therefore, a body corporate which is not a company can be subsidiary of a company incorporated under the Act.

¹ Section 2(87) of the Act

CONCEPT OF SUBSIDIARY UNDER THE COMPANIES (INDIAN ACCOUNTING STANDARDS), RULES, 2015

If we make a reference to the definition of 'subsidiary' and 'control' under the Companies (Indian Accounting Standards), 2015, i.e., Ind AS-110, it says that "A subsidiary is an entity that is controlled by another entity" Further 'control of an investee' is defined as "An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee."

CONCEPT OF SUBSIDIARY UNDER THE COMPANIES (ACCOUNTING STANDARDS) RULES, 2021

If we make a reference to the definition of 'subsidiary' and 'control' under the Companies (Accounting Standards) Rules, 2021, i.e., AS-21, it says that "A subsidiary is an enterprise that is controlled by another enterprise (known as the parent)" Further 'control' is defined in AS-21 as

- (a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or
- (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities."

COMPARATIVE ANALYSIS OF 'SUBSIDIARY' DEFINITION UNDER THE ACT AND THE COMPANIES (INDIAN ACCOUNTING STANDARDS), 2015 AND THE COMPANIES (ACCOUNTING STANDARDS) RULES 2021

If we refer definition of 'subsidiary' under the Act, it is rule based definition and it states that any company/body corporate can become subsidiary of another company if that another company fulfils either of the two conditions, i.e. exercises not less than half the total voting power in the first company or controls the composition of the Board of Directors of the first company. So, the definition is restrictive and it is necessary to fulfil either of the two conditions.

Whereas the definition of 'subsidiary' under Ind AS 110 as well as AS-21 is a wide one. Ind AS-110 refers to any entity whereas AS-21 refers to any enterprise, which can be extended to any entity or enterprise, and not limited to companies or bodies corporate. The term 'control' referred to in AS-21 is similar to the one referred to in section 2(87) of Act, i.e., it envisages the ownership of more than one-half of the voting power of an enterprise or control of the composition of the Board of Directors or governing body (in case of any enterprise other than company) so as to obtain economic benefits from its activities. However, unlike section 2(87) of the Act and unlike AS-21, the term 'control' in Ind AS-110 is not restricted to voting power or composition of Board of Directors but refers to right to variable returns due to involvement of the controlling entity and ability to affect those returns through the controlling entity's power.

To avoid misutilisation of structures, certain transactions between holding company and subsidiaries are restricted such as subsidiary cannot hold shares of holding company, restriction on having more than two layers of subsidiaries, etc.

Therefore, if we analyse definition under section 2(87) of the Act and AS-21 vis-à-vis Ind AS-110, the definition of 'subsidiary' under the Act and AS-21 is a restrictive one as compared to Ind AS-110.

WHETHER A LIMITED LIABILITY PARTNERSHIP ("LLP") CAN BE INCLUDED IN THE DEFINITION OF SUBSIDIARY?

A. Ind AS-110 perspective:

As per definition of subsidiary under Ind-AS-110, subsidiary can include LLPs as the definition of subsidiary refers to partnership firm and any other incorporated entity as well. Moreover, the definition of 'control' as per Ind-AS-110 states that control refers to right to variable returns due to involvement of the controlling entity and ability to affect those returns through the controlling entity's power. LLP agreement may provide that certain partners would have management rights in that LLP, which can mean that such partners would have control, as referred to in Ind AS-110, in the LLP. So if a company is a partner in an LLP and the LLP agreement provides management rights to that company, then that company can be said to have control in that LLP, irrespective of that company's stakes in that LLP. Therefore, in such cases, a company can have control over LLP and hence, as per Ind AS- 110, an LLP can be considered as subsidiary of a company.

Let's discuss whether LLP can be considered as subsidiary of company in the context of the Act?

B. The Act perspective:

Due to clause (c) of the explanation to section 2(87) of the Act, i.e., in the definition of subsidiary, a subsidiary may be either a company or a body corporate. Limited Liability Partnership is a Partnership Firm having limited liability. Further if we check the definition of 'firm' under other Acts like Income Tax Act, LLP is treated as firm, whereas if we refer LLP Act, 2008, it treats to LLP as a body corporate. Therefore, being a body corporate as per LLP Act, 2008, whether LLP can be considered as subsidiary of Company or not under section 2(87) of the Act is the question to deliberate?

If we refer definition of 'subsidiary' as provided in Section 2(87), it includes control on the basis of two factors / conditions only:-

- (i) One condition is based on composition of board.

- (ii) Another condition is based on voting power.

Further the definition of 'subsidiary' is rule-based definition and not principle-based definition. Therefore, it is mandatory to fulfil either of the conditions.

(i) Condition based on composition of board:

If we refer provisions of LLP Act, 2008, it recognises LLP as body corporate, but there is no reference to the term 'director' and it recognises concept of 'partner' and 'designated partner'. If we refer the definitions of partner and designated partner and compare it with the definition of 'director' in the Act, then these definitions cannot be compared on the basis of roles, responsibilities of director as enumerated in the Act as the basic structure of Company and LLP is not comparable. LLP is basically a partnership firm with limited liability and the concepts of Director, Shareholders, General Meetings etc., does not exist in case of LLPs. Therefore, to treat LLP as subsidiary, the first condition of holding-subsubsidiary relationship, i.e., control on composition of Board of Directors cannot be fulfilled.

(ii) Condition based on voting power:

The structure of LLP is totally different from company. Further with respect to voting power, the voting in LLP is defined by LLP agreement, whereas voting in a company is proportionate to its paid-up capital. In case of LLP, there is no connection of voting power with contribution made and there is no concept like Ordinary resolution and Special resolution. The concept of control by way of exercising more than half of the total voting power do not exists in LLP. Therefore, to treat LLP as subsidiary, the second condition of holding-subsubsidiary relationship also cannot be fulfilled.

C. Can one apply the Casus Omissus rule?:

One may feel that if a company has control, over variable returns from its involvement and ability to affect those returns, in another LLP, then not calling that LLP as subsidiary of that company may be unfair. But as discussed earlier, the definition of 'subsidiary' in section 2(87) of the Act is rule based definition and not principle based definition, and it recognises only two types of control, i.e., the control by way of voting power and /or the control by way of composition of board as the control which leads to the controlled entity to be called a subsidiary of the controlling entity.

Therefore, when section 2(87) of the Act is clear in its language, then applying casus omissus principle may not be a correct way of reading it.

What is 'casus omissus'?

Meaning of the Latin phrase Casus omissus is – "a situation omitted from or not provided for by statute or regulation and therefore governed by the common law."

Casus Omissus is an important principle of Interpretation of statutes. It is well settled that, a casus omissus cannot be supplied by the Court except in the case of clear necessity and when the reason for it is found in the four corners of statute itself. Some of the cases where this principle was quoted are given below:

“Traditional Rule is that court cannot read anything into statutory provision which is plain and unambiguous and the legislative casus omissus cannot be supplied by judicial interpretative process” [Prakash Nath Kannan v. CIT (2004)].

“The first and primary role of construction is that the intention of the legislature must be found in the words used by the legislature itself. If the words used are capable of one construction only, then it would not be open to the Courts to adopt any other hypothetical construction on the ground that such hypothetical construction is more consistent with alleged object and policy of the Act.” [Satheedevi V. Prassana 2010 AIR SCW 3754].

“Courts cannot supply words which the legislature might have deliberately omitted.” [Delhi Financial Corporation v. Rajiv Anand [2006] 131 comp cas 285(SC)]

Of course, the decision of Courts will depend upon the facts of the cases and public interest involved in the matter. But if we check the precedents, in one of the cases, where question for consideration was *“Whether amalgamation of an LLP with a company incorporated under the provision of the Act or erstwhile Companies Act was permissible under the provisions of section 230 to 232 of the Companies Act 2013?”* NCLAT has denied the merger of an LLP with a company stating that *“Companies Act, 1956 provides that any body corporate can merge into a company. However, Section 234 of The Act provides that foreign company or body corporate incorporated outside India can be merged into an Indian company and there is no such occasion to apply the principal of casus omissus.”*

Similarly, the principle of ‘casus omissus’ cannot be applied for the question of whether an LLP can be considered as a subsidiary of a company under section 2(87) of the Act?

IMPACT OF ABOVE DISCUSSION

Considering the above discussion, it can be said that LLP may not be considered as a subsidiary of a company for any of the provisions of the Act, except for the manner of consolidation of accounts prescribed in Rule 6 of the Companies (Accounts) Rules, 2014 which says that *“The consolidation of financial statements of the company shall be made in accordance with the provisions of Schedule III of the Act and the applicable accounting standards”*

The sections of the Act which impose certain conditions/restrictions based on holding-subsubsidiary relationship will have to be evaluated to analyse the impact of this interpretation that irrespective of existence of control of a company over a LLP, by virtue of rights given in LLP agreement, the LLP cannot be considered as subsidiary of that company.

For eg: Section 19(1) of the Act says that “No company shall, either by itself or through its nominees, hold any shares in its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies and any such allotment or transfer of shares of a company to its subsidiary company shall be void.” Taking ahead the above case, the LLP will not be considered as subsidiary of the



company. Further the opening words of section 19(1) imposes restriction on ‘company’ and not any ‘subsidiary’ / ‘LLP’. This can mean that even if a company has control over an LLP (by virtue of powers given by LLP agreement), that LLP is not prohibited from holding shares in that company under section 19(1).

Further, there can be example of other sections also like section 2(76) of the Act which defines ‘related parties’ for the purpose of compliance with section 188 and section 177 of the Act. Under Section 2(76), the LLP as mentioned in above case shall not be considered as related party because it shall not be a subsidiary of the company, although as per Ind AS-24, it shall be a related party. However, for such LLP compliance of section 177 (approval of audit committee) and section 188 (approval of board of directors and shareholders in case of certain transactions) will not be required. This can mean that without taking the requisite approvals, the company can do any transactions with the LLP over which it has control (by virtue of powers given by LLP agreement). This will also defeat the basic intention of sections like 188 and 177 of the Act.

CONCLUSION

Considering the above discussion, it can be said that LLP may not be considered as a subsidiary of a company as per section 2(87) of the Act. But this will lead to absurdity in interpretation of some of the provisions of the Act in a situations where company has control over an LLP, which is otherwise than in the nature of ‘control’ which makes the other body corporate, a subsidiary of the company.

Some sections where such interpretation can lead to absurdity like section 177 and 188 of the Act are under in-house adjudication mechanism of Registrar of Companies under the Ministry of Corporate Affairs (MCA). In such situations, if the Regulator takes a different view, then there will be no judicial forum to deliberate on this interpretation and take the most appropriate view. It may be noted that the Company Law Committee Report, 2019 and earlier reports of Company Law Committee also state that, only procedural, technical and minor non-compliances, especially the ones not involving interpretation issues, may be dealt through in-house adjudication mechanism.

Therefore, there is a need to bring parity by the law makers in this provision of section 2(87) of the Act in line with the Ind AS-110 and settle this question of “whether LLP can be considered as a subsidiary under section 2(87) of the Act”. ☐



RESEARCH PAPER

Invitation For Research Papers In CS Journal – October 2023 Issue

We invite Research papers/ Manuscripts to publish in 'Chartered Secretary' with the objective of creating proclivity towards research among its members both in employment and practice. As research is an integral part of the scientific approach towards an issue for arriving at concrete solutions, in view of this it is essential to ensconce the research-oriented approach. Further, research is pervasive, i.e., it is not restricted to a particular field. Whether it is engineering, management, law, medicine, etc. without proper research, it is almost next to impossible to ascertain the solution of a problem.

Contributions may be sent on topics like Secretarial Practice, Auditing Standards, Company Law, Mercantile Law, Industrial Law, Labour Relations, Business Administration, Accounting, CG & CSR, Legal Discipline, and Digital Transformation & Artificial Intelligence or on any other subject and topic of professional interest.

Participants are requested to send their articles/ research papers with the following terms:

- The article/research papers should be original and exclusive for Chartered Secretary.
- It should be ensured that the article has not been/will not be sent elsewhere for publication.
- Article/ research papers should include a concise Title, Abstract name of the author(s) and address.

Members and other readers desirous of contributing articles may send the same latest by **Friday, September 22, 2023** for the **October 2023** issue of Chartered Secretary Journal at cs.journal@icsi.edu.

The length of the research paper should ordinarily be between 2,500 - 4,000 words. The research paper should be forwarded in MS Word format.

We look forward to your co-operation in making this initiative of the Institute a success.

Regards,

Team ICSI

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RESEARCH CORNER



■ FOUNDATIONS OF ETHICAL GOVERNANCE: NURTURING SUSTAINABLE LEADERSHIP

Foundations of Ethical Governance: Nurturing Sustainable Leadership

Ethical leadership is not just about following the rules; it's about doing what's right even when no one is watching. A Company Secretary's role in upholding ethical leadership is to ensure that transparency, integrity, and accountability are woven into the fabric of the organization, guiding its actions and decisions towards a brighter and more responsible future.



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INTRODUCTION

In an era marked by global complexities and rapid changes, ethical leadership has emerged as a cornerstone for sustainable governance across various sectors.

THE ESSENCE OF ETHICAL LEADERSHIP

Ethical leadership centers on the principles of integrity, accountability, transparency, and empathy. Ethical leaders not only adhere to moral standards themselves but also foster an environment that encourages ethical behaviour among their teams.

Attributes of Ethical Leadership

1. Integrity

Ethical leaders operate with unwavering honesty and adhere to their values, even when it's difficult. Their actions align with their words, earning them trust and respect from their followers.

2. Accountability

Ethical leaders take responsibility for their actions and decisions. They hold themselves accountable and are willing to accept the consequences, fostering a culture of responsibility within their teams.

3. Transparency

These leaders promote open communication and transparency. They share information freely and involve stakeholders in decision making processes, thereby mitigating distrust and suspicion.

4. Empathy

Ethical leaders display genuine concern for the well-being of their team members and stakeholders. They consider diverse perspectives and prioritize understanding before judgment.

5. Courage

Ethical leadership requires courage to stand up for what is right, even in the face of opposition. These leaders are unafraid to challenge the status quo to ensure ethical standards are upheld.

Benefits of Ethical Leadership for Sustainable Governance

1. Trust Building

Ethical leaders create an atmosphere of trust and credibility. Their consistent ethical behaviour fosters a culture of trust among employees, stakeholders and the general public.

2. Long-Term Success

Organizations led by ethical leaders tend to outperform their counterparts in the long run. By prioritizing integrity over short-term gains, these leaders lay the foundation for sustainable success.

3. Enhanced Reputation

Ethical leadership enhances an organization's reputation. Such organizations are perceived as responsible and reliable, attracting loyal customers and stakeholders.

Challenges And Overcoming Them

Ethical leadership does come with challenges. Balancing ethical considerations with practical business decisions, managing conflicts of interest, and navigating cultural differences are some common hurdles.

ETHICS: THE FOUNDING PILLAR OF GOOD GOVERNANCE

In the realm of governance, ethics stands as an unwavering beacon, guiding the actions and decisions of individuals entrusted with the responsibility of leading nations, organization, and communities. In this age of complexity and interconnectedness, the importance of ethics cannot

be overstated, as it weaves the fabric of trust that binds citizens to their leaders and institutions.

1. Defining Ethics in Governance

Ethics, at its core, embodies principles and values that delineate between right and wrong, just and unjust. In the context of governance, ethics refers to the moral compass that directs decision-makers to act in the best interest of the people they serve, while upholding justice, equality and the rule of law.

2. Transparency and Accountability

At the heart of good governance lies transparency, an essential element that is nurtured by ethical considerations. Transparent governance implies openness in decision-making processes, allowing citizens to understand the rationale behind choices that affect their lives.

3. Building Public Trust

Ethical conduct is the cornerstone of building and maintaining public trust. This trust, once established, leads to increased cooperation, effective policy implementation, and social cohesion. On the other hand, a lack of ethics erodes trust, fostering cynicism and undermining the very essence of governance.

4. Long-Term Vision over Short-Term Gain

Ethics in governance necessitates a focus on long-term benefits over short-term gains. Ethical leaders consider the implications of their decisions on future generations, demonstrating a commitment to sustainability and intergenerational equity.

5. Inclusivity and Equality

Ethics mandates inclusivity and equality in governance. Discrimination and bias have no place in ethical governance, as it seeks to create an environment where everyone has an equal opportunity to thrive.

ETHICS, SOCIAL RESPONSIBILITY, AND GOVERNANCE: THE TRIFECTA FOR SUSTAINABLE PROGRESS

In an interconnected world these three pillars form an interdependent ecosystem that not only shapes the trajectory of nations and organizations but also defines the very essence of humanity's collective journey towards a just and equitable future.

- **Ethics: The Moral Compass**

Ethics, as the moral compass of individuals and institutions, steers decision-making by distinguishing right from wrong. In the realm of governance, ethical considerations transcend political maneuvering, emphasizing integrity, transparency, and the greater good. Upholding ethical principles ensures that leaders and organizations remain accountable to

their stakeholders and maintain public trust. Without ethics, governance can become a vessel adrift in stormy seas, swayed by short-term gains and personal ambitions.

- **Social Responsibility: Bridging Gaps and Fostering Inclusion**

Social responsibility transcends profits and extends to the impact an entity has on society at large. Corporations, governments, and individuals alike bear a responsibility to address social and environmental challenges. By investing in education, healthcare, poverty alleviation and environmental sustainability, they contribute to inclusive growth. This ethos goes beyond mere compliance; it reflects a commitment to humanity's shared welfare.

- **Governance: Beyond Management**

Governance, often synonymous with management, encompasses far more. Effective governance incorporates ethics and social responsibility into its framework, ensuring that decisions serve both immediate needs and long-term goals. It requires transparent structures, efficient processes, and the cultivation of trust between leaders and the governed.

Benefits To Organizations and Societies

The synergy between these pillars brings forth myriad benefits. Ethically managed organizations attract loyal customers, responsible investors and committed employees. Socially responsible actions enhance a brand's reputation and contribute to sustainable development.

RESPONSIBLE AND SUSTAINABLE MANAGEMENT PRACTICES: THE KEY TO LONGEVITY

Understanding Responsible and Sustainable Management Practices

These practices go beyond short-term profit considerations and instead focus on creating value that endures over time.

1. Environmental Stewardship

Businesses that adopt sustainable practices recognize the finite nature of natural resources. They strive to minimize their ecological footprint by implementing strategies such as energy efficiency, waste reduction, and responsible sourcing of materials.

2. Ethical Governance

Responsible management entails ethical decision-making at all levels of an organization. Transparent governance structures, adherence to legal standards, and a commitment to integrity build trust with stakeholders and mitigate the risk of reputational damage.

3. Social Responsibility

Longevity in business requires a positive relationship with society. Sustainable businesses actively engage with their local communities, invest in social initiatives and promote diversity and inclusion. Such efforts lead to enhanced brand loyalty and a stable social environment that supports their operations.

4. Innovation and Adaptability

Embracing sustainability often drives innovation. Businesses that proactively seek sustainable solutions are more likely to adapt successfully to changing market trends, consumer preferences and regulatory landscapes.

The Link Between Sustainability and Longevity

1. Risk Mitigation

Sustainable management practices act as a buffer against operational risks. For instance, businesses that prioritize energy efficiency are less vulnerable to energy price fluctuations. Similarly, companies with robust supply chain transparency are better equipped to handle disruptions.

2. Cost Savings

While initial investments might be required to implement sustainable practices, the long-term cost savings can be substantial. Energy-efficient operations, waste reduction and responsible water usage all contribute to reduced operational expenses.

3. Investor Confidence

Responsible businesses are increasingly attractive to investors who recognize the link between sustainability and financial performance. A growing number of investment funds focus on companies with strong environmental, social and governance (ESG) indicators.

4. Regulatory Compliance

Anticipating and complying with future environmental and social regulations positions businesses to avoid costly penalties and adapt to changing legal requirements seamlessly.

Leading by Example: Business Case Studies

Numerous companies have demonstrated that responsible and sustainable management practices are indeed the key to longevity. For instance:

- **Unilever:** The consumer goods giant has integrated sustainability into its business model, resulting in reduced environmental impact and increased brand loyalty.
- **Patagonia:** This outdoor clothing company's commitment to ethical sourcing, environmental activism and quality products has cultivated a devoted customer base.

- **Toyota:** A pioneer in hybrid technology, Toyota's focus on sustainable innovation has led to enduring market leadership in the automobile industry.

ETHICAL DILEMMAS AND POSSIBLE SOLUTIONS: A CASE STUDY ANALYSIS

Ethical dilemmas are complex situations that involve conflicting moral principles, values, or choices. They can arise in various contexts, from personal decisions to professional settings and often require careful consideration to find a resolution that aligns with ethical standards.

Case Study 1: The Whistleblower's Dilemma

Scenario: Sarah works as a software engineer for a large tech company. She discovers that the company's latest product release has a major security flaw that could potentially compromise user data. She realizes that releasing the product without addressing the issue could lead to significant harm. However, the company is under pressure to meet a tight deadline and has already invested a substantial number of resources into the release.

Ethical Dilemma: Sarah faces the ethical dilemma of whether to blow the whistle on the security flaw, potentially jeopardizing the product release and her job, or to remain silent and allow the flawed product to be released.

Possible Solutions:

- **Internal Reporting:** Sarah could report the issue to her immediate supervisor or the company's internal ethics hotline. This approach allows the company to address the problem internally without immediate public exposure.
- **Anonymous Reporting:** If Sarah fears retaliation, she could consider making an anonymous report to a higher authority within the company or an external regulatory body.
- **External Whistleblowing:** If the company fails to take action, Sarah might decide to report the issue to external agencies, such as consumer protection organizations or regulatory authorities. This could lead to public awareness and potential pressure on the company to rectify the issue.
- **Resignation:** If all else fails, Sarah could choose to resign from her position to distance herself from the ethical dilemma. She can then decide whether or not to disclose the reason for her departure to the public.

Case Study 2: The Medical Triaging Dilemma

Scenario: Dr. Smith works in a hospital during a public health crisis, where there is a shortage of ventilators

due to the overwhelming number of patients requiring respiratory support. Two patients, a younger individual with a potentially higher chance of recovery and an older individual with a lower chance of recovery, both need a ventilator urgently.

Ethical Dilemma: Dr. Smith faces the ethical dilemma of deciding which patient should receive the ventilator, taking into account factors like age, chances of survival, and potential years of life left.

Possible Solutions:

- **Utilitarian Approach:** Dr. Smith could follow a utilitarian approach, which focuses on maximizing overall well-being. In this case, the ventilator might be given to the younger patient, as they have a higher chance of recovery and more potential years of life ahead.
- **Fair Allocation:** Dr. Smith could use a fair allocation approach, where the ventilator is allocated based on a fair and transparent system, such as a randomized lottery. This approach avoids making subjective judgments about the value of individual lives.
- **Resource Maximization:** Dr. Smith could consider allocating the ventilator to the patient who has a better chance of being weaned off it sooner, thus freeing up the ventilator for another patient. This strategy aims to maximize the number of lives saved during the crisis.

Case Study 3: The Environmental Conservation Dilemma

Scenario: An industrial company is considering establishing a factory in a rural area. The factory would create jobs for the local community but would also lead to deforestation, pollution, and habitat destruction in an ecologically sensitive region.

Ethical Dilemma: The company faces the ethical dilemma of balancing economic development and job creation with environmental conservation and preservation.

Possible Solutions:

- **Sustainable Practices:** The company could commit to using sustainable technologies and practices that minimize environmental impact, such as adopting renewable energy sources, implementing efficient waste management systems and reforestation efforts.
- **Community Engagement:** The company could involve the local community in the decision-making process. Engaging with community members and understanding their concerns can lead to more informed and ethical decisions.
- **Mitigation and Compensation:** The company could offset its environmental impact by investing in conservation efforts elsewhere, such as funding protected areas or wildlife rehabilitation programs.

Ethical conduct is the cornerstone of building and maintaining public trust. This trust, once established, leads to increased cooperation, effective policy implementation, and social cohesion. On the other hand, a lack of ethics erodes trust, fostering cynicism and undermining the very essence of governance.

NAVIGATING MODERN-DAY ETHICAL CHALLENGES IN AN EVOLVING WORLD

In an era defined by rapid technological advancements, globalization and complex societal changes, modern society finds itself grappling with a host of ethical challenges that were inconceivable just a few decades ago.

1. Digital Privacy and Data Ethics

The digital age has ushered in an era of unprecedented data collection and surveillance. From social media platforms to smart devices, individuals are constantly generating data that can be exploited for various purposes.

Possible Solutions:

- Strengthening data protection laws and regulations to hold companies accountable for mishandling personal data.
- Encouraging transparency about data collection practices and giving users more control over their data.
- Promoting digital literacy and educating users about the implications of sharing personal information online.

2. Artificial Intelligence and Automation Ethics

The rapid advancement of artificial intelligence (AI) and automation technologies has led to concerns about their impact on employment, decision-making, and social biases. The ethical challenge here is to ensure that AI is developed and deployed in ways that align with human values and respect fundamental rights.

Possible Solutions:

- Establishing guidelines for AI developers that prioritize fairness, transparency and accountability in algorithmic decision-making.
- Creating mechanisms to address the potential job displacement caused by automation, such as reskilling programs and universal basic income initiatives.

accountability and transparency play a critical role. As artificial intelligence, biotechnology, and automation become integral to our lives, the ethical implications of these technologies demand careful consideration.

MAINTAINING ETHICAL BALANCE: THE CRUCIAL ROLE OF TECHNOLOGY

In the modern era, technology has transformed every facet of our lives, from communication and entertainment to healthcare and business. They also raise complex ethical dilemmas that require careful consideration and proactive management.

The Ethical Dilemma of Technological Advancement:

Technological progress often outpaces the development of ethical frameworks to govern its applications. This discrepancy leads to situations where emerging technologies, such as artificial intelligence (AI), biotechnology and surveillance systems can be both promising and perilous.

Key Principles for Maintaining Ethical Balance:

1. Transparency and Accountability

As technology becomes more integrated into our lives, transparency about how data is collected, used and shared becomes essential. Individuals and organizations responsible for developing and deploying technology must be held accountable for any negative consequences that arise from their creations.

2. Privacy and Data Security

The collection and analysis of personal data are central to many technological innovations. Respecting individuals' privacy rights and implementing robust data security measures are critical to prevent breaches that can lead to identity theft, surveillance and unauthorized access.

3. Bias Mitigation

Algorithms used in various applications, such as hiring, lending and criminal justice, can inherit biases present in training data. It's essential to recognize and address these biases to prevent technology from perpetuating social inequalities.

4. Beneficence and Non-maleficence

These ethical principles underscore the importance of using technology for the betterment of society and avoiding harm.

5. Inclusivity and Accessibility

Technology should be designed with diverse users in mind. Ensuring that everyone, regardless of their abilities or backgrounds, can benefit from and interact with technology is a fundamental ethical consideration.

• The Role of Regulation:

Ethical considerations in technology often lead to discussions about regulation. Striking the right balance between innovation and safeguarding against harm is challenging. While overregulation can stifle progress, a lack of regulation can result in unchecked and harmful applications of technology.

• Education and Collaboration:

Promoting ethical technology practices requires educating developers, policymakers and the general public about the ethical implications of various technologies.

Embracing innovation while upholding core ethical principles ensures that technology remains a force for good. By prioritizing transparency, privacy, inclusivity, and societal well-being, we can harness the immense potential of technology to create a future that benefits all of humanity come.

GST REGIME: THE FUTURE AHEAD

The Goods and Services Tax (GST) regime, introduced in India on July 1, 2017, marked a significant milestone in the country's tax structure. It replaced a complex web of indirect taxes and aimed to streamline the tax system while fostering economic growth and reducing tax evasion.

1. Simplification and Ease of Compliance

The initial years of GST implementation were marked by various challenges, including technology glitches and procedural complexities. However, over time, the system has evolved and efforts have been made to simplify compliance procedures. The adoption of user-friendly technology and the reduction of compliance burdens could improve compliance rates and encourage more businesses to formalize their operations.

2. Expansion of the Tax Base

One of the core objectives of the GST regime was to broaden the tax base by including sectors that were previously outside the formal tax net. As the economy evolves, the government must continue identifying sectors that can be brought under the GST umbrella.

3. Digital Transformation and Automation

The GST regime operates on a digital platform, requiring businesses to embrace digitalization for compliance. Going forward, technology will play an even more crucial role in GST administration. Automation can streamline processes, reduce errors, and provide real-time data insights to both businesses and tax authorities.

4. Addressing Tax Evasion and Fraud

While GST has brought transparency to the tax system, challenges related to tax evasion and fraud

persist. The implementation of advanced data analytics and real-time reporting mechanisms can help identify unusual patterns and discrepancies, enabling timely interventions to prevent tax evasion.

ETHICAL GOVERNANCE AND THE ROLE OF COMPANY SECRETARIES

Ethical governance plays a pivotal role in ensuring the long-term success, sustainability and reputation of businesses. At the heart of ethical governance within organizations are Company Secretaries, who act as guardians of good governance and ethical conduct.

• Understanding Ethical Governance

Ethical governance encompasses the set of principles, values and practices that guide an organization's behaviour in alignment with societal norms, legal regulations, and stakeholder expectations. Ethical governance is critical because it helps prevent unethical practices, fraud and corruption, while also enhancing the reputation and credibility of the organization.

• The Role of Company Secretaries

Company Secretaries are individuals who hold a key position in the governance structure of a company. They serve as a bridge between the Board of Directors, senior management, and various stakeholders. Historically, the role of a Company Secretary was largely administrative, involving tasks like record-keeping and ensuring legal compliance.

• Upholding Ethical Governance

1. **Advisory Role:** Company Secretaries offer valuable advice to the Board and Management on ethical issues, Corporate Governance best practices and regulatory requirements. They play a vital role in shaping corporate policies that reflect ethical values and compliance standards.
2. **Board Support:** Company Secretaries facilitate effective communication between the Board and Management, ensuring that ethical considerations are integrated into strategic decisions.
3. **Stakeholder Engagement:** Engaging with stakeholders and addressing their concerns is essential for ethical governance. Company Secretaries assist in maintaining transparent communication with investors, employees, customers and regulatory bodies, fostering trust and accountability.
4. **Compliance and Reporting:** Ensuring compliance with laws and regulations is a fundamental aspect of ethical governance. Company Secretaries oversee compliance mechanisms, such as drafting accurate and timely reports and disclosures, and staying updated on relevant regulatory changes.

5. **Conflict Resolution:** Ethical dilemmas and conflicts of interest are common in business. Company Secretaries are often called upon to guide the organization through such challenges by providing ethical perspectives and proposing solutions.

• Challenges Faced by Company Secretaries

While the role of Company Secretaries in upholding ethical governance is crucial, it is not without challenges. These challenges include:

1. **Independence:** Striking a balance between their advisory role and maintaining independence can be complex, especially when dealing with senior management or Board Members.
2. **Changing Regulatory Landscape:** Navigating through evolving regulations requires constant learning and adaptability to ensure the organization remains ethically compliant.
3. **Resistance to Change:** Implementing ethical practices might face resistance from within the organization if not effectively communicated and justified.

CONCLUSION

Ethics, Social Responsibility and Governance represent more than theoretical concepts; they constitute the essence of a world striving for holistic progress. These pillars provide the foundation upon which just societies and successful organizations are built. Nurturing this triad is not just a choice, but a responsibility that shapes the destiny of generations to come. In a world teeming with possibilities, the convergence of Ethics, Social Responsibility and Governance illuminates the path towards a brighter, more sustainable future.

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LEGAL WORLD



- VIJAYA LAXMI SUGAR MILLS LTD v. COMMISSIONER OF INCOME TAX [SC]
- MADRAS CHEMICALS AND POLYMERS v. VIJAY AQUA PIPES PVT LTD [NCLAT-Chennai]
- TAPADIA POLYESTERS PVT LTD v. SALES TAX OFFICER & ANR [NCLAT]
- VBUILTFINE PROPERTIES PRIVATE LTD v. REGISTRAR OF COMPANIES, MUMBAI [NCLAT]
- E.S.I. CORPORATION v. ENDOCRINOLOGY AND IMMUNOLOGY LAB [SC]
- NAVEEN VIDYA BHARTI PUBLIC HIGHER SECONDARY SCHOOL v. ASSISTANT PROVIDENT FUND COMMISSIONER [DEL]
- VINOD KUMAR GUPTA v. NATIONAL INSTITUTE OF IMMUNOLOGY [DEL]
- PURVANCHAL VIDYUT VITARAN NIGAM LTD v. M/S PRABHA MVOMNI (JV) [ALL]
- TRANVAHAN TECHNOLOGIES INDIA PVT LTD& ANR v. SEPSO INDIA PVT LTD & ORS [CCI]



Corporate Laws

Landmark Judgement

LMJ 09:09:2023

VIJAYA LAXMI SUGAR MILLS LTD v. COMMISSIONER OF INCOME TAX [SC]

Civil Appeal Nos. 1103 & 1104 of 1979

K Jagannatha Shetty, V.Ramaswami, & Yogeshwar Dayal, JJ. [Decided on 06/08/1991]

Equivalent citations: 1991 AIR 2042; 1991 SCR (3) 383; 1991 SCC Supl. (2); JT 1991 (3) 333; 1991 SCALE (2)239; (1991) 72 Comp Cas 740.

Income tax Act read with Companies Act, 1956- liquidation of company- interest on fixed deposits- expenses sought to be claimed as deduction- rejected on the ground that company was not carrying on any business activity- whether correct- Held, Yes.

Brief facts:

The appellant is a private limited company in Liquidation. The winding up order was made by the High Court on 8th November, 1949 and the Liquidator was directed to submit reports every three months respecting the progress of the winding up proceedings and realisation of the assets. In the course of winding up the Liquidator sold certain assets and deposited the money in fixed deposits with certain banks. Interest was earned on these deposits. The appellant sought to deduct certain expenses relating to this interest as business expenses. The claim was rejected.

Issue: Though the case pertains to income tax, the subject matter was whether the appellant company was carrying on any business activity during the liquidation process. The supreme court had enunciated the legal principle on this issue which is dealt with here.

Decision: Dismissed.

Reason:

We are wholly at a loss to understand how this argument is possible on the facts and circumstances of this case. As already stated the company had been directed to be wound up and a Liquidator was appointed by the High Court as early as in 1950. The company before its Liquidation was engaged in the manufacture of sugar. The records do not disclose that the Liquidator was carrying on the business

of manufacture of sugar or any trading activity for the purpose of facilitating the winding up.

The statement of facts on record show that the Liquidator realised certain amount by way of sale of the assets of the company in Liquidation and it is those sale proceeds that was invested in fixed deposit which earned the interest. The Liquidator in merely realising the assets of the company could not be considered as carry on any business of the company. The activity of realising the assets and banking them in fixed deposit was in the course of winding up and it was not in furtherance of any business activity carried on by the company before its winding up. There may be cases where the Liquidator may be said to carry on the company's business in so far as is necessary for the winding up or facilitate the winding up or realise the assets of the company in such a way as to involve the carrying on trade. But in this case there is no evidence in this regard. In fact the winding up order was made as early as in 1950 and nothing of the winding up activity is in evidence. The only accepted fact is that the interest income was derived from fixed deposits purchased out of the proceeds of sale of assets during winding up. The assessee, therefore, could not be said to have carried on any business to bring the interest income within the meaning of section 28 of the Act and that therefore the interest income was liable to be assessed only under the head Income From Other Sources.

Very near to the facts of this case is the decision reported in *Morvi Mercantile Bank Ltd. (In Liquidation) v. Commissioner of Income Tax, Gujarat*, [1976] 104 I.T.R. 568 Guj. This is indeed the view to be taken even in this case also. The Tribunal was, therefore, right in holding that the interest income in the instant case is not governed by section 28 but fails to be considered under section 56.

The question for consideration, therefore, is whether the expenses of the type incurred by the Liquidator in this case can be said to have been incurred solely for the purpose of earning the interest income. It is true that the connection between the expenditure and the earning of income need not be direct and it may be indirect. But since the expenditure must have been incurred for the purpose of earning that income there should be some nexus between the expenditure and the earning of the income. There is not even some sort of an evidence to show that the expenses incurred by the Liquidator was to facilitate the earning or at least for protecting of the income. The interest accrues *sui generis*. The interest is payable by the bank whether it is claimed or not and whether there is any establishment or not. Normally there was no necessity for spending anything separately for earning the interest. However we may hasten to add that if any expenditure was incurred like commission for collection or such similar expenditures which may be considered as spent solely for the purpose of earning that income, the position may be different. But that was not so in this case. It could not also be said that the expenditure incurred was to preserve or acquire the asset. Nor could it be said that the expenses were incurred for the purpose of maintenance of the source. The requirement

under section 57(iii) that the expenditure should have been incurred “for the purpose of making or earning such income” show that the object of spending or the end or aim or the intention of such spending was for earning the interest income. There could be no doubt that the expenditure incurred by the Liquidator in this case can by no stretch be said to have been incurred with the object or for the purpose of earning the interest income. The Tribunal was, therefore, right in holding that the expenses claimed are not related to the interest income and was not a deductible expenditure under section 57.

We are, therefore, of the view that the High Court correctly answered the reference in the negative and in favour of the Revenue. The appeals are accordingly dismissed with costs.

LW 60:09:2023

MADRAS CHEMICALS AND POLYMERS v. VIJAY AQUA PIPES PVT LTD [NCLAT-Chennai]

Company Appeal (AT) (CH) (INS.) No. 298 / 2021

M. Venugopal & Shreesha Merla.[Decided on 28/08/2023]

Insolvency and Bankruptcy Code,2016- section 7- corporate debtor purchased goods from the principal- default in payment-CIRP application filed by del credere agent claiming to be financial creditor- NCLT dismissed the application holding that applicant is not a financial creditor - whether correct- Held, Yes.

Brief facts:

The Appellant is the Del Credere Agent of M/s. Chemplast Sanmar Limited (Principal) under an Del Credere Agency agreement. Under the said agreement the appellant was to recommend the customers to the Principal and the Principal shall sell the goods and raise invoices on the customers. The payment is to be made to the Principal. In the event of any payment default, the Appellant as the agent can initiate legal proceedings against the defaulting customer on behalf of the Principal.

With respect to the outstanding payment dues pertaining to the sales made to the Respondent Corporate Debtor, the Appellant filed an CIRP application against the Respondent under section 7 of the IBC claiming himself to be a financial creditor. NCLT dismissed the application holding that he is not a financial creditor. Aggrieved, the Appellant had filed the present appeal before the NCLAT.

Decision: Dismissed.

Reason:

In the instant case on hand, one can deduce safely and securely that the Appellant / Financial Creditor / Petitioner, as per invoice, is enjoined to receive money for and on behalf of M/s. Chemplast Sanmar Limited (Principal Company). It cannot be gainsaid that no amount, was disbursed, to the Corporate Debtor, by the Appellant / Petitioner / Financial Creditor. To put it

precisely, Clause 15 of the Del Credere Agency Agreement dated 04.04.2017, lucidly points out that the Agent if he / it to commence any legal proceedings, it can do so, only in the name and on behalf of the Company for the recovery of the outstanding sums. Also that, the Company would, if required, is to execute a specific Power of Attorney, in favour of the agent to initiate such proceedings.

Be that as it may, the very fact that the ‘Del Credere Agency Agreement’, dated 04.04.2017, between M/s. Chemplast Sanmar Limited (‘Company’) and the Appellant / Petitioner (MADRAS Chemicals & Polymers - Firm), mentions that M/s. Chemplast Sanmar Limited (‘Company’), which manufactures PVC Resin, and for selling the Said Products, through Agent, had appointed the Appellant / Petitioner, as its Agent, going by the Product Description, in the Invoices (vide Pages 95 to 101 of the Appellant’s Paper Book). Considering the spirit and tenor of the Del Credere Agency Agreement dated 04.04.2017, this Tribunal, comes to a clear cut conclusion that in the instant case, the default, arose in relation to the supply of PVC Suspension Resin (Goods), to the Respondent / Corporate Debtor, and as such, the amount claimed, to be in default, by the Corporate Debtor, as on 20.07.2019, amounting to Rs.1,23,14,186.94/-, is an ‘Operational Debt’, and for the said ‘Operational Debt’, only an ‘Application’, under Section 9 of the Code, will apply, as opined by this Tribunal.

Per contra, the Application, in IBA / 1166 / 2019 (Filed by the Appellant / Financial Creditor / Petitioner, under Section 7 of the I & B Code, 2016, read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, is ex-facie, not maintainable, in the eye of Law. Looking at from this perspective, the conclusion arrived at, by the Adjudicating Authority holding that the Section 7 Application of I & B Code, 2016, is not Maintainable, and resultant dismissal of the same, are free from any legal flaws. Accordingly, the appeal fails.

LW 61:09:2023

TAPADIA POLYESTERS PVT LTD v. SALES TAX OFFICER & ANR [NCLAT]

Company Appeal (AT) (Insolvency) No. 366 of 2023 with Company Appeal (AT) (Insolvency) No. 362 of 2023

Ashok Bhushan & Barun Mitra. [Decided on 22/08/2023]

Insolvency and Bankruptcy Code, 2016- CIRP-liquidation proceedings- sales tax department attached the properties of the corporate debtor before the CIRP- in public auction the properties were sold to appellant- liquidator’s prayer to issue directions to sales tax officer to release the attachment was dismissed- whether correct-Held, No.

Brief facts:

Corporate Insolvency Resolution Process for the Corporate Debtor-Linkson International Limited commenced on 06.10.2017. The Sales tax department had

attached the assets of the corporate debtor on 28.05.2015 against the pending sales tax dues and this attachment order was continued when the CIRP commenced, but the sales tax department could not sell the assets. Liquidation commenced on 20.07. 2018 and the properties were put to public auction. The Appellant (TPPL) was the successful bidder.

The Liquidator filed an application before the Adjudicating Authority praying for direction to the Sales Tax Officer to release the attachment on all three properties so as to enable the Applicant to continue the auction/private sale of the assets. The said Application was rejected vide order dated 10.02.2023. Aggrieved by the said order, these two Appeals have been filed one by the auction purchaser (TPPL) and the other by the Liquidator.

Decision: Appeals allowed.

Reason:

There is no dispute between the parties regarding the sequence of the events. There is also no dispute that properties of the Corporate Debtor were attached by the Sales Tax Department on 28.05.2015. Attachment was made prior to initiation of CIRP and continued even during the Liquidation Process that is why the Liquidator filed an Application for release of the attachment.

Present is not a case where the Liquidator has questioned the attachment order. Attachment Order has become final and Attachment continued till date. The question is of consequence of the attachment on the assets of the property. Learned Counsel for the Successful Bidder has rightly relied on Section 52 of the IBC and Regulation 21A of Liquidation Process Regulations.

The argument that even if it is assumed that Sales Tax Department is secured creditor, it has not exercised its right under Section 52, the assets will be part of the Liquidation Estate as per the statutory provisions has substance. Further, Learned Counsel has rightly pointed out to the fact that charge is registered of the PNB as first charge holder. The judgment of this Tribunal in “Department of State Tax, Through the Dy. Commissioner of State Tax Vs. Zicom Saas Pvt. Ltd. & Anr” as has been relied by Learned Counsel for the Liquidator, the provisions of Section 37 of Maharashtra Value Added Tax Act, 2002 which is the provision applicable in the present case have been considered and the Judgment of the Hon’ble Supreme Court in “State Tax Officer Vs. Rainbow Papers Limited” was also taken note and relied on.

The above supports the submission of Liquidator that the Respondent Department cannot be treated as secured creditor of the Corporate Debtor. We thus are of the view that even when there is attachment of the assets, Sales Tax Department cannot be the owner of the assets and the asset continued to be owned by the Corporate Debtor and will be part of the Liquidation Estate.

The Adjudicating Authority committed error in rejecting the I.A. filed by the Liquidator relying on the Judgment of Hon’ble Supreme Court in “M/s. Embassy

Property Development Pvt. Ltd.” which judgment has no application in the facts of the present case. We thus are of the view that the Order of the Adjudicating Authority in the Appeal cannot be sustained. Order dated 10th April, 2023 is set aside. I.A. No. 1300 of 2020 filed by the Liquidator is allowed. Let attachment be released by the Respondent so as to take further steps in the liquidation. Both the Appeals are allowed accordingly.

LW 62:09:2023

VBUILTFINE PROPERTIES PRIVATE LTD v. REGISTRAR OF COMPANIES, MUMBAI [NCLAT]

Company Appeal (AT) No.27 of 2023

Rakesh Kumar & Alok Srivastava. [Decided on 18/08/2023]

Companies Act,2013- section 252- restoration of the struck of name- imposition of huge costs-whether tenable-Held, No.

Brief facts:

The appellant’s name was struck off from the register of companies and an appeal for restoration of the name was filed by the Appellant before the NCLT. By the impugned order under challenge, NCLT directed the ROC Mumbai to restore the name of the company i.e. Vbuiltfine Properties Pvt Ltd, to the register of Registrar of Companies with imposition of cost of Rs. 5,00,000/- Appellant challenged the imposition of this huge cost.

Decision: Remanded back to NCLT for fresh adjudication.

Reason:

On going through the aforesaid order it is difficult to infer as to under what circumstances the company petition was allowed and direction was issued for restoration of the name of the company along with imposition of costs.

It is evident from the impugned order that the company petition was preferred under Section 252(1) of the Companies Act, 2013. However, since the date of striking off the name of the company is not mentioned. It is difficult to infer as to whether the petition was filed within three years from the striking off the name of the company or not. The order does not reflect any plausible reason for passing an order for restoration. Similarly nothing has been indicated as to under what circumstances the cost of Rs.5 lakhs was imposed.

On examination of aforesaid provision it is evident that from the date of striking off the name of the company from the register of Registrar of Companies, one can prefer an appeal within a period of three years from the date of striking off the name of the company. In the order impugned date of striking off under Section 248(5) of Companies Act, 2013 has not been mentioned. On examination of the impugned order it is evident that though date of striking off was not mentioned, the appeal was preferred after four years. The order on this issue appears to be completely vague. Moreover, if the NCLT was exercising its jurisdiction under Section 252(3) of the

Companies Act, 2013, in such situation the appellant was required to satisfy the NCLT that on the date of striking off the company, the company was carrying on business or in operation. There was third condition for passing of the restoration order in case it was otherwise just for restoring the name of the company.

The order does not meet either of the three criteria under Section 252(3) of the Act. Moreover, since the appeal was preferred under Section 252(1) of the Companies Act, 2013 the learned NCLT was required to examine the appeal strictly in accordance with the provision under Section 252(1) of the Companies Act, 2013. In absence of exact date of striking off it would be difficult to approve the impugned order. Moreover, learned NCLT has imposed cost of Rs. 5 lakhs but no plausible reason has been given for imposing such cost. In such view of the matter we are left with no option but to set aside the order and remit back the matter to the NCLT for passing order afresh after affording opportunity to both the parties i.e. Appellant and ROC.



Industrial & Labour Laws

LW 63:09:2023

E.S.I. CORPORATION v. ENDOCRINOLOGY AND IMMUNOLOGY LAB [SC]

Civil Appeal No.3368 of 2012

Hima Kohli & Rajesh Bindal, JJ. [Decided on 02/08/2023]

Employees State Insurance Act – pathological laboratory- coverage from later notification – whether correct- Held, Yes.

Brief facts:

The respondent establishment is a pathological laboratory. Inspection of the premises of the respondent was carried out by the Inspector on 01.04.1999. Having found that there were 19 employees working in the establishment, a show cause notice was issued to the respondent. The respondent establishment challenged coverage of the establishment by filing an application under Sections 75 and 77 of the Act before the Employees' Insurance Court. The declared that the establishment of the respondent is a 'shop' as per Section 1(5) of the Act and the provisions of the Act would extend to the respondent w.e.f. 22.11.2002. A review application 5 filed by the respondent before the E.S.I. Court, was dismissed vide order dated 21.12.2007. The orders of the E.S.I. Court were challenged by the respondent by filing an appeal before the High Court which was allowed vide impugned order.

Decision: Dismissed.

Reason:

The short question which requires consideration by this Court is, the date from which the respondent establishment, which is undisputedly carrying on the business of a pathological laboratory, will be covered under the Act.

On a perusal of the aforesaid provisions in the Act, it can safely be concluded that the establishment of the respondent will not be covered under the provisions of Section 1(4) of the Act as it will not fall within the definition of a "factory", since no manufacturing process is carried on therein. It is not even the case of the appellant. The respondent establishment is merely a pathological laboratory.

A notice was issued to the respondent establishment on 27.04.2001, directing production of certain records. The same was replied to. Though it is claimed that the respondent establishment would be covered under the provisions of the Act in terms of the Notification dated 27.05.1976, however, before the E.S.I. Court, reliance was placed on a letter issued by the Corporation on 22.11.2002 through which an earlier Memo dated 06.01.1989, was modified. In terms of the aforesaid Memo letter, pathological laboratories and diagnostics centres were not covered under the definition of "shop". It was not disputed that a "shop" as such is not defined under the Act. At the time of hearing, reliance was also placed on the Notification dated 06.09.2007, issued by the Government of Kerala bringing certain establishments under the ambit of the Act.

A perusal of the aforesaid notification shows that pathological laboratories were specifically covered under the provisions of the Act in terms of the aforesaid notification. In the case at hand, the respondent is running pathological laboratory and would be covered under the Act in terms of the Notification dated 06.09.2007, issued by the Government of Kerala. The order passed by the High Court is in terms of the aforesaid notification directing coverage of the respondent establishment from that date onwards, as undisputedly, 20 or more persons were found to be employed in the establishment.

The argument raised by the appellant that the respondent establishment should be deemed to be covered in terms of the Notification issued on 27.05.1976 read with the Circular dated 22.11.2002 issued by the Corporation, is merely to be noticed and rejected. It is admittedly the case of the Corporation itself that the term "shop" as such has not been defined under the Act. It was sought to be assigned a meaning as per the understanding of the "Corporation". Clause 23 of the aforesaid letter shows that even as per the earlier Memo dated 06.01.1989, pathological laboratories were not covered as shops under Section 1(5) of the Act. The aforesaid Memo letter was subsequently modified vide Memo letter dated 22.11.2002.

Further, fact remains that there is a Notification issued on 06.09.2007 by the Government of Kerala covering medical institutions including pathological laboratories from that date. The aforesaid Notification was issued in consultation with the Corporation and with the approval of the Central Government. If the pathological laboratories were already covered under the Act, as is sought to be urged by the Corporation, there was no occasion to issue such a notification. This fact clearly establishes that even as per the understanding of the Corporation, pathological laboratories were not covered under the Act prior to that date. For the aforesaid reasons, we do not find any merit in this appeal.

LW 64:09:2023

NAVEEN VIDYA BHARTI PUBLIC HIGHER SECONDARY SCHOOL v. ASSISTANT PROVIDENT FUND COMMISSIONER [DEL]

LPA 597/2019

Satish Chandra Sharma & Sanjeev Narula, JJ. [Decided on 24/08/2023]

Employees Provident Funds (Miscellaneous Provisions) Act- coverage of school- no disputes as to employment of employees as well as the chairman- salary paid to them was shown in the accounts- whether the coverage is correct- Held, Yes.

Brief facts:

The Appellant school, was subjected to the rigors of the Act from 01.01.2010. The Assistant Provident Fund Commissioner (the "APFC") after hearing the Appellant Establishment at length, arrived at a conclusion that the Appellant would be covered under the Act with effect from a prior date i.e., 01.04.2008 as it was observed that the Appellant Establishment had 20 employees as on 01.04.2008. The Appellant aggrieved by the above order preferred an appeal before the EPFAT, which upheld the order of the APFC. The writ petition filed by the Appellant, challenging the orders passed by the APFC and EPFAT was dismissed by the Single Judge.

Decision: Dismissed.

Reason:

In the present case, it is an undisputed fact that the Chairman of the Appellant Establishment was receiving regular monthly salary from the Appellant Establishment and that his name finds place in the salary register of employees maintained by the Appellant Establishment.

In respect of other employees, the orders passed by the APFC, EPFAT and the learned Single Judge reveal that the Appellant Establishment owned a bus since April 2008 but failed to produce any document relating to the driver and the conductor of the school bus for the period between April 2008 and October 2008. In those circumstances, it was rightly assumed that the driver and the conductor were employed during the aforementioned period. Not only this, the document dated 12.10.2008 executed

between the Appellant Establishment and an independent contractor in relation to the contractual employment of the driver and the conductor neither inspires confidence nor displaces the liability of the Appellant Establishment under the Act as contractual employees are included within the definition of employees under the Act.

In light of the aforesaid judgment (*Saheli Marbles Private Limited v. APFC, (2015) SCC OnLine Del 11797*), it was the duty of the Appellant Establishment to establish by producing evidence on record, that there was no employer-employee relationship between the Appellant Establishment and the Chairman. The Appellant Establishment has not established the aforesaid fact. On the contrary, the Chairman was receiving regular salary from the Appellant Establishment as an employee, and, therefore, the learned Single Judge was justified in dismissing the Writ Petition.

Keeping in view the definition of employee as defined under Section 2(f) of the Act and the judgment of the Hon'ble Supreme Court (*Pawan Hans Ltd. v. Aviation Karmachari Sanghatana, (2020) 13 SCC 506*), the Chairman was covered within the meaning of definition of employee.

In the considered opinion of this Court, as the Chairman of the Appellant Establishment was engaged in connection with the work of the Appellant Establishment and was paid salary/ wage in lieu thereof, he was rightly considered to be an employee.

The salary paid to the Chairman was recorded in the salary register of the Appellant Establishment, and, therefore, the question of setting aside the order passed by the APFC and the order passed by the EPFAT under Section 7A of the Act does not arise. In respect of the driver and the conductor of the school bus, the Report establishes that the bus was operated by the Appellant Establishment. The amount paid was also reflected in the balance-sheet and, therefore, the conductor and driver were also rightly included as employees. Thus, this Court does not find any reason to interfere in the findings of fact arrived at by the APFC, EPFAT and the learned Single Judge.

LW 65:09:2023

VINOD KUMAR GUPTA v. NATIONAL INSTITUTE OF IMMUNOLOGY [DEL]

LPA 584/2023, CM APPL. 41341-41342/2023

Satish Chandra Sharma & Sanjeev Narula, JJ. [Decided on 23/08/2023]

Illegal termination of employee- reinstatement was refused but compensation was awarded- single judge enhanced the compensation- whether correct- Held, Yes.

Brief facts:

This intra-court appeal challenges the judgment passed by the learned Single Judge [hereinafter referred to as the "impugned judgment"]. The impugned judgment decided writ petitions filed by both parties contesting an award

rendered by the Labour Court which held the Appellant's termination by the Respondent to be illegal. In the impugned judgment, the learned Single Judge dismissed Respondent's objections and endorsed the Labour Court's conclusion of illegal termination. Both the Labour Court and learned Single Judge declined to reinstate the Appellant to his former position, however, the learned Single Judge enhanced the initial compensation of Rs.50,000/-, awarded by the Labour Court, to Rs.1,50,000/-. It is this partial relief - specifically, the refusal to reinstate the Appellant - which motivates the present appeal.

Decision: Partly Allowed.

Reason:

We have carefully considered the submissions from both parties. Given that Appellant's challenge against the impugned judgment focuses solely on the quantum of compensation, our examination has similarly been circumscribed.

As noted above, few essential points warrant attention. The Appellant's employment was for a limited period of approximately 1 year and 4 months in 1991. The Labour Court initially awarded Rs. 50,000/- as compensation in lieu of reinstatement, which was enhanced to Rs. 1,50,000/- upon examining the overall facts and circumstances of the case, including the duration of employment and the salary drawn by him. Monetary compensation is granted as an equitable relief, in the interests of justice. As such, there is no fixed formula according to which the quantum of compensation is to be calculated. Rather, it is on a case-by-case basis, upon considering the specific facts of the case that the compensatory amount is finalized. One of the factors considered by the Court is the length of service, and on occasion, the conduct of the employer has also been taken into account in determining the amount to be paid - highlighting the equitable nature of the relief. It is in exercise of this equity jurisdiction that the relief of enhancement of compensation is granted by the courts in the event that the previously granted quantum of compensation is inadequate given the peculiar facts of the case.

For the foregoing reasons, in the opinion of the Court, there is no infirmity in the view taken by the learned Single Judge. However, we are inclined to further enhance the compensation. In reaching this decision we are particularly persuaded by the exceptional length of time the Appellant has been embroiled in legal proceedings. The passage of over three decades since the initial termination has not only extended the Appellant's emotional and financial distress but has also potentially resulted in missed opportunities for career growth and financial stability. This extended period has likewise led to a loss of productive years in service, compounded by the inevitable rise in the cost of living and healthcare expenses. Furthermore, the Appellant succeeded in proving the termination was illegal despite the Respondent's resistance, a factor that should not be taken lightly when considering the emotional and financial resources required for such a legal battle. Therefore, in balancing the equities and recognizing the hardships borne by the Appellant, we find it both just and equitable to enhance the compensation to Rs. 3,00,000/-.

Appellant is directed to furnish his bank account details to the Respondent within one week from the date of release

of this judgment. The enhanced amount should be paid within four weeks from today, failing which interest of 9% per annum would also apply. With the above directions, the present appeal is disposed of, along with pending applications.



LW 66:09:2023

PURVANCHAL VIDYUT VITARAN NIGAM LTD v. M/S PRABHA MVOMNI (IV) [ALL]

Arbitration Application No.137 of 2022

Ashwani Kumar Mishra, J. [Decided on 11/08/2023]

Arbitration and Conciliation Act,1996- sections 11 and 16- objections raised before the sole arbitrator as to his jurisdiction- objections rejected- application filed under section 11 for the appointment of arbitrator- whether maintainable- Held, No.

Brief facts:

This application has been filed by the applicant for appointment of arbitrator under Section 11(6) of the Arbitration and Conciliation Act, 1996. It is not in dispute that an agreement has been entered into between the applicant and the opposite party in respect of certain work to be performed by the opposite party. The agreement contains an arbitration clause.

On account of accrual of dispute between the parties, the opposite party appointed its arbitrator vide notice dated 6.3.2022 by calling upon the applicant also to appoint their arbitrator. The applicant, however, did not appoint an arbitrator in response to such notice. The case of the applicant is that they invited opposite party for conciliation and as the parties had agreed upon to conciliate on the point of differences, as such they did not appoint their arbitrator. The arbitrator appointed by the opposite party has proceeded by treating himself to be the sole arbitrator, as the applicant had not appointed their arbitrator. An objection has been raised by the applicant to the appointment of arbitrator by the opposite party, which has since been rejected on 17.7.2023 by the arbitrator, who has then proceeded further in the matter.

The instant application has been preferred on 6.9.2022 for appointment of arbitrator. An objection is taken to the maintainability of the present application on the ground that once an objection is taken to the jurisdiction of the arbitrator and such objection is rejected, then the only remedy available would be to challenge the ultimate award under the statutory scheme.

Decision: Dismissed.

Reason:

In order to appreciate the contentions raised, it would be necessary to refer to the statutory scheme contained in the Act of 1996. Section 11 of the Act of 1996 refers to appointment of arbitrator in a case where parties have agreed to get their dispute resolved by way of arbitration. Section 16 of the Act of 1996 contemplates challenge to the competence of Arbitral Tribunal, wherein objection is raised to its jurisdiction. Section 16 is categorical and vests jurisdiction in the arbitrator to adjudicate upon his own jurisdiction.

From the statutory scheme, noticed above, it is abundantly clear that where objection to the jurisdiction of arbitrator is rejected by the Arbitral Tribunal, the only way in which such challenge can be pursued is by challenging the award, as and when it is made by the arbitrator. The applicant cannot be permitted to circumvent the statutory scheme by invoking the jurisdiction of this Court under Section 11 of the Act of 1996, on the premise that the appointment of arbitrator itself is bad. So far as the judgment in Perkins Eastman Architects DPC (supra), relied upon by the learned counsel for the applicant, is concerned, the Court had merely followed previous judgment of the Supreme Court in TRF Limited Vs. Energo Engineering Projects Limited, (2017) 8 SCC 377, which arises out of a different exigency altogether. In TRF Limited (supra) the Court was dealing with the appointment of an arbitrator, who was ineligible to act by virtue of the embargo contained in 7th Schedule read with Section 12(5) of the Act. A person, who becomes ineligible on account of the said embargo becomes de jure unable to perform his functions, and therefore jurisdiction under Section 11 could be invoked for appointment of arbitrator.

In the facts of this case, no such exigency has arisen. It is not a case that the arbitrator is competent to arbitrate by virtue of Section 12(5) read with 7th Schedule of the Act. In such view of the matter, the filing of the application under Section 11 of the Act of 1996 would be misconceived, inasmuch as the remedy of the applicant would be to resort to the scheme contemplated in Chapter IV of the Act of 1996 and challenge the award, as and when the occasion so arises. Subject to the observations made above, this application filed under Section 11 fails and is rejected.



Competition Law

LW 67:09:2023

TRANVAHAN TECHNOLOGIES INDIA PVT LTD & ANR v. SEPSON INDIA PVT LTD & ORS [CCI]

Case No. 30 of 2022

**Ravneet Kaur, Sangeeta Verma & B S Bishnoi.
[Decided on 22/08/2023]**

Competition Act, 2002- section 3 & 4- termination of agreement- employment issues as to the managing director- whether maintainable-Held, No.

Brief facts:

The Respondent Sepson had entered into a SCM agreement with the informants whereunder informant no.2 was appointed as the MD of Informant No.1. The SCM agreement was terminated and the informants filed the complaint alleging anti-trust issues under section 19(1)(a) of the Competition Act, 2002 ("Act") alleging contravention of the provisions of sections 3(4) and 4 of the Act by Sepson AB, Sweden and its group entities.

Decision: Dismissed.

Reason:

The Commission has carefully considered the Information, responses of parties and other material available on record. It appears that the grievance of Informants stems from the termination of SCM-2015 which was entered into between Sepson India and the Informants, as he ceased to be the employee of Sepson India, upon resignation. This is alleged to be an unfair term being imposed by Opposite Parties, in contravention of provisions of section 4 and 3(4) of the Act. The Commission notes that upon resignation of Informant No.2, Employment Agreement-2015 was terminated. Consequently, the termination of Employment Agreement-2015 triggered the termination of SCM-2015.

As per the information and submissions placed before the Commission, it prima-facie appears that the matter pertains to issues relating to terms of SCM-2015 and Employment Agreement-2015. Thus, considering the nature of issues between the parties herein, no competition concern seems to have arisen in the present facts and circumstances which seem to be emanating purely from the contractual terms agreed upon between the parties. Accordingly, the Commission does not deem it necessary to delineate the relevant market and undertake further assessment thereupon.

In view of the foregoing, prima-facie, no case of contravention of provisions of sections 3(4) or 4 of the Act is made out in the facts, circumstances and allegations levelled in case and the matter is ordered to be closed forthwith under section 26(2) of the Act.

Before parting with the order, the Commission deems it appropriate to deal with the request of Informants and Opposite Parties seeking confidentiality over certain documents/information filed by them under Regulation 35 of the Competition Commission of India (General) Regulations, 2009 (General Regulations). Considering the grounds put forth by the parties for the grant of confidential treatment, the Commission grants confidentiality to such documents/information in terms of Regulation 35 of the General Regulations read with section 57 of the Act for a period of three years from the passing of this order. It is, however, made clear that nothing used in this order shall be deemed to be confidential or deemed to have been granted confidentiality, as the same have been used for the purposes of the Act in terms of the provisions contained in section 57 thereof.

4

FROM THE GOVERNMENT



- CONDONATION OF DELAY IN FILING OF FORM-3, FORM-4 AND FORM-11 UNDER SECTION 67 OF LIMITED LIABILITY PARTNERSHIP ACT, 2008 READ WITH SECTION 460 OF THE COMPANIES ACT, 2013
- THE COMPANIES (INCORPORATION) SECOND AMENDMENT RULES, 2023
- GUIDELINES FOR MIIs REGARDING CYBER SECURITY AND CYBER RESILIENCE
- MODIFICATION IN CYBER SECURITY AND CYBER RESILIENCE FRAMEWORK OF STOCK EXCHANGES, CLEARING CORPORATIONS AND DEPOSITORIES
- MANDATING ADDITIONAL DISCLOSURES BY FOREIGN PORTFOLIO INVESTORS (FPIs) THAT FULFIL CERTAIN OBJECTIVE CRITERIA
- SIMPLIFICATION OF KYC PROCESS AND RATIONALISATION OF RISK MANAGEMENT FRAMEWORK AT KYC (KNOW YOUR CLIENT) REGISTRATION AGENCIES (KRAs)
- TIMELINE FOR THE EXIT OPTION WINDOW PERIOD FOR CHANGE IN CONTROL OF AMC
- PROCEDURE FOR SEEKING PRIOR APPROVAL FOR CHANGE IN CONTROL
- REDUCTION OF TIMELINE FOR LISTING OF SHARES IN PUBLIC ISSUE FROM EXISTING T+6 DAYS TO T+3 DAYS
- FACILITY TO REMEDY ERRONEOUS TRANSFERS IN DEMAT ACCOUNTS
- TRANSACTIONS IN CORPORATE BONDS THROUGH REQUEST FOR QUOTE (RFQ) PLATFORM BY FPIs
- VALIDITY PERIOD OF APPROVAL GRANTED BY SEBI TO ALTERNATIVE INVESTMENT FUNDS (AIFs) AND VENTURE CAPITAL FUNDS (VCFs) FOR OVERSEAS INVESTMENT
- CORRIGENDUM CUM AMENDMENT TO CIRCULAR DATED JULY 31, 2023 ON ONLINE RESOLUTION OF DISPUTES IN THE INDIAN SECURITIES MARKET
- OFFER FOR SALE FRAMEWORK FOR SALE OF UNITS OF REAL ESTATE INVESTMENT TRUSTS (REITs) AND INFRASTRUCTURE INVESTMENT TRUSTS (INVTs)
- AUDIT OF FIRM-LEVEL PERFORMANCE DATA OF PORTFOLIO MANAGERS
- TRADING PREFERENCES BY CLIENTS – APPLICABILITY FOR COMMODITY DERIVATIVES
- ENHANCING TRANSACTION LIMITS FOR SMALL VALUE DIGITAL PAYMENTS IN OFFLINE MODE
- IMPLEMENTATION OF SECTION 12A OF THE WEAPONS OF MASS DESTRUCTION AND THEIR DELIVERY SYSTEMS (PROHIBITION OF UNLAWFUL ACTIVITIES) ACT, 2005: DESIGNATED LIST (AMENDMENTS)
- RESET OF FLOATING INTEREST RATE ON EQUATED MONTHLY INSTALMENTS (EMI) BASED PERSONAL LOANS¹
- REVIEW OF REGULATORY FRAMEWORK FOR IDF-NBFCs
- FAIR LENDING PRACTICE - PENAL CHARGES IN LOAN ACCOUNTS
- RESERVE BANK OF INDIA ACT, 1934 - SECTION 42(1A) - REQUIREMENT FOR MAINTAINING ADDITIONAL CRR



Corporate Laws

01 Condonation of delay in filing of Form-3, Form-4 and Form-11 under section 67 of Limited Liability Partnership Act, 2008 read with section 460 of the Companies Act, 2013

[Issued by the Ministry of Corporate Affairs [F. No. Policy-01/2/2021-CL V-MCA-Part(3)] dated 23.08.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (1)]

Representations have been received by the Government that certain LLPs are finding difficulties in filing Form- 3 (LLP Agreement and changes therein), Form- 4 (Notice of appointment, cessation, change in name/ address/ designation of a designated partner or partner and consent to become a partner/ designated partner] and Form- 11 (Annual Return of LLP) for various reasons including due to mismatch in the master data in electronic registry of the Ministry. Due to this, the records/ data in the electronic registry are also not being updated.

2. To address these difficulties faced by the LLPs and as part of Government's constant efforts to promote ease of doing business, the Ministry, in exercise of its power under section 67 of the Limited Liability Partnership Act, 2008, has decided to grant one-time relaxation in additional fees to those LLPs who could not file the Form-3, Form-4 and Form-11 within due date and provide an opportunity to update their filings and details in Master-data for future compliances.
3. The salient features are as follows:-
 - i. The Form-3 and Form-4 would be processed under Straight Through Process (STP) mode for all purposes except for change in business activities. The stakeholders are advised to file these forms in sequential manner i.e., the filing for old events date may be filed first and so on so as to update the master data in proper manner.
 - ii. At the time of filing these forms, the pre-filled data as per existing master data of the LLP shall be provided in each of above mentioned forms but the same shall have the facility to edit. The onus of filing correct data would be on the stakeholders. In case of mis-representation, the Designated Partner and the professional certifying the form may be liable for adverse action as per provisions of the law.
 - iii. The filing of Form-3 and Form-4 without additional fee shall be applicable for the event dates 01.01.2021 and onwards. For events dated prior to 01.01.2021, these forms can be filed with 02 times and 04 times of normal filing fees as additional fee for small LLPs and Other than small LLPs respectively.

- iv. The filing of Form-11 without additional fee shall be applicable for the financial year 2021-22 onwards. Form-11 for previous years (prior to financial year 2021-22) can be filed with 02 times and 04 times of normal filing fee as additional fee for small LLPs and Other than small LLPs respectively.
 - v. These forms shall be available for filing from 01.09.2023 onwards till 30.11.2023 (both dates inclusive).
 - vi. The LLPs availing the scheme shall not be liable for any action for delayed filing of the Form-3, Form-4 and Form-11.
4. This issues with the approval of the competent authority.

KARL MARX

Deputy Director

02 The Companies (Incorporation) Second Amendment Rules, 2023

[Issued by the Ministry of Corporate Affairs [File No. 1/13/2013-CL-V, Vol. IV] dated 02.08.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (1)]

In exercise of the powers conferred by section 3, section 4, sub-sections (5) and (6) of section 5, section 6, sub-sections (1) and (2) of section 7, sub-sections (1) and (2) of section 8, sub-sections (2), (3), (4), (5) and (9) of section 12, sub-sections (3), (4) and proviso to sub-section (5) of section 13, sub-section (2) of section 14, sub-section (1) of section 17, section 20 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Incorporation) Rules, 2014, namely:-

1. (1) These rules may be called the Companies (Incorporation) Second Amendment Rules, 2023.
- (2) They shall come into force on the date of their publication in the Official Gazette.

MANOJ PANDEY

Joint Secretary

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

03 Guidelines for MIIs regarding Cyber security and Cyber resilience

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MRD/TPD/P/CIR/2023/146 dated 29.08.2023]

1. Market Infrastructure Institutions (i.e. Stock Exchanges, Clearing Corporations and Depositories) are systemically important institutions as they, inter-alia, provide infrastructure necessary for the smooth and uninterrupted functioning of the securities market. As part of the operational risk management, these Market Infrastructure Institutions (MIIs) need to have robust cyber security framework to provide essential facilities and perform systemically critical functions relating to trading, clearing and settlement

in securities market. It is also important that MIIs establish and continuously improve their Information Technology(IT) processes and controls to preserve confidentiality, integrity and availability of data and IT systems.

2. With the change in market dynamics in the Indian Securities markets, the interdependence among the MIIs has seen significant increase. Considering the interconnectedness and interdependency of the MIIs to carry out their functions, the cyber risk of any given MII is no longer limited to the MII's owned or controlled systems, networks and assets.
3. In view of the above, based on the recommendations of the High Powered Steering Committee on Cyber Security of SEBI and in consultation with MIIs, it has been decided to issue guidelines for strengthening the existing cyber security and cyber resilience framework of MIIs. The said guidelines are placed at Annexure-A and MIIs are required to comply with the same.
4. These guidelines should be read in conjunction with the applicable SEBI circulars (including but not limited to that relating to Cybersecurity and Cyber Resilience framework, System and Network Audit framework, etc.) and subsequent updates issued by SEBI from time to time.
5. The compliance of the guidelines shall be provided by the MIIs along with their cybersecurity audit report (conducted as per the applicable SEBI Cybersecurity and Cyber Resilience framework). The compliance shall be submitted as per the existing reporting mechanism.
6. The provisions of the Circular shall come into force with immediate effect.
7. MIIs are required to take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations, if any, within 120 days from the date of the circular.
8. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 , read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and Section 19 of the Depositories Act, 1996 read with Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. The circular is issued with the approval of Competent Authority.
10. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal" and dropdown "Circulars".

ANSUMAN DEV PRADHAN

Deputy General Manager

04 Modification in Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporations and Depositories

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MRD/TPD/P/CIR/2023/147 dated 24.08.2023]

1. SEBI vide circular nos. SEBI/CIR/MRD/DP/13/2015 dated July 06, 2015 and SEBI/HO/MRD1/MRD1_DTCS/P/CIR/2022/68 dated May 20, 2022 prescribed framework for Cyber Security and Cyber Resilience for stock exchanges, clearing corporations and depositories.
2. In this regard, clause 3 of SEBI circular dated May 20, 2022, shall now be read as under:
 - 3 MIIs are mandated to conduct comprehensive cyber audit at least 2 times in a financial year. Along with cyber audit reports, henceforth, MIIs are directed to submit a declaration from the MD/CEO certifying that:
 - i. Comprehensive measures and processes including suitable incentive/disincentive structures, have been put in place for identification/detection and closure of vulnerabilities in the organization's IT systems.
 - ii. Adequate resources have been hired for staffing their Security Operations Center(SOC).
 - iii. There is compliance by the MII with all SEBI circulars and advisories related to cyber security.
3. Further, MIIs, whose systems have been identified as Critical Information Infrastructure (CII) by National Critical Information Infrastructure Protection Centre (NCIIPC), are mandated to send regular updates/closure status of the vulnerabilities found in their respective "protected systems" to NCIIPC.
4. MIIs are required to take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations, if any.
5. MIIs are directed to communicate the status of the implementation of the provisions of this circular to SEBI within 30 days from the date of this Circular.
6. The provisions of the Circular shall come into force with immediate effect.
7. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 51 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and Section 19 of the Depositories Act, 1996 read with Regulation 97 of Securities and Exchange Board

of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

8. The circular is issued with the approval of the competent authority.
9. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Circulars”.

ANSUMAN DEV PRADHAN

Deputy General Manager

05 Mandating additional disclosures by Foreign Portfolio Investors (FPIs) that fulfil certain objective criteria

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/ HO/ AFD/ AFD – PoD – 2/ CIR/ P/ 2023/ 148 dated 24.08.2023]

A. Background

1. Certain FPIs have been observed to hold concentrated portion of their equity portfolio in a single investee company/ corporate group. Such concentrated investments raise the concern and possibility that promoters of such investee companies/ corporate groups, or other investors acting in concert, could be using the FPI route for circumventing regulatory requirements such as that of disclosures under Substantial Acquisition of Shares and Takeovers Regulations, 2011 (SAST Regulations) or maintaining Minimum Public Shareholding (MPS) in the listed company.
2. Recognizing the inherent risks of opportunistic takeover/ acquisition of Indian companies, the Government of India (GoI) issued Press Note 3 (PN3) dated April 17, 2020, requiring an entity of a country that shares land border with India, or where the Beneficial Owner (‘BO’) of an investment into India is situated in or is a citizen of any such country, to invest only under the Government route. While PN3 is not applicable to FPI investments, there are concerns that entities with large Indian equity portfolios could potentially disrupt the orderly functioning of Indian securities markets by misusing the FPI route.
3. Further, as regards identification of BOs of FPIs, while the thresholds for this purpose are specified in Prevention of Money Laundering (Maintenance of records) Rules, 2005 (‘PMLR’), it is often observed that no natural person is identified as the BO of several FPIs based on economic interest or ownership interest, since each investor entity in the FPI may be below the threshold prescribed in the PMLR. However, there is a possibility that the same natural person may hold a significant aggregate economic interest in the FPI via various investment entities, each of which are individually below the threshold for identification as a BO as prescribed in PMLR.

VIKASH NARNOLI

Deputy General Manager

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06 Simplification of KYC process and rationalisation of Risk Management Framework at KYC (Know Your Client) Registration Agencies (KRAs)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 dated 11.08.2023]

1. SEBI vide circular SEBI/HO/MIRSD/DoP/P/ CIR/2022/46 dated April 06, 2022 has specified the framework for validation of records by KRAs in securities market. Based on the feedback received from the stakeholders in securities market and for ease of onboarding of clients for dealing in securities market, the provisions of the circular have been reviewed and it has been decided to simplify the KYC process and rationalise the risk management framework as follows.
2. The KYC process shall mean obtaining the proof of identity (PoI) and proof of address (PoA) of the client.
3. Further, PAN is the unique identification number of all participants transacting in the securities market.
4. In the interest of investors and for ease of transacting in securities market, the client shall be allowed to open an account with intermediaries and transact in securities market as soon as the KYC process is completed.
5. Thereafter, as a part of risk management framework, the KRAs shall verify the following attributes of records of all clients within 2 days of receipt of KYC records:
 - 5.1. PAN (including PAN Aadhaar linkage, as referred to in rule 114 AAA of the Income-tax Rules, 1962)
 - 5.2. Name
 - 5.3. Address
6. Additionally, the KRAs shall verify the client’s mobile number and email id.
7. In case of PAN exempt records, the other attributes i.e. name, address, mobile number and email id shall be verified by the KRAs.
8. Clients in whose case, attributes of records as mentioned in para 5/6 above cannot be verified, shall not be allowed to transact further in securities market until the attributes are verified.
9. The records of those clients in respect of which all attributes mentioned in para 5/6 above are verified by KRAs with official databases (such as Income Tax Department database on PAN, Aadhaar XML/ Digilocker/ M-Aadhaar) shall be considered as Validated Records.
10. The validated records shall be allowed portability i.e. the client need not undergo the KYC process again when he approaches different intermediary in securities market and the intermediary shall fetch the validated records from the KRA database.

11. The KRAs shall develop systems/mechanism, in coordination with each other, and shall follow uniform internal guidelines/standards detailing aspects of identification of attributes and procedures for verification/ validation, in consultation with SEBI.
12. Further, the systems of intermediaries and the KRAs shall be integrated to facilitate seamless movement of documents/information to and from the intermediary to the KRAs for verification/validation of attributes under risk management framework.
13. The SEBI circular SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 06, 2022 shall be rescinded from the effective date of this circular i.e. September 01, 2023.
14. The records of all existing clients whose KYC has been completed based on OVDs other than Aadhaar, shall be verified within a period of 90 days from September 01, 2023.
15. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 17 of the SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
16. This circular is available at www.sebi.gov.in under the link "Legal - Circulars".

SAPNA SINHA

Deputy General Manager

07 Timeline for the Exit Option Window Period for Change in Control of AMC

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/142 dated 11.08.2023]

SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 prescribes the procedure for change in control of an AMC. Considering that growth in technological communication has enabled faster dissemination of information to unitholders, request has been received from industry to review the timeline for exit option window period for change in control of AMC. The matter was deliberated in the Mutual Funds Advisory Committee (MFAC) and based on its recommendations, following has been decided:

1. Procedure for Change in Control of AMC

In partial modification of para 17.8.1 (III) of SEBI Master Circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, the aforesaid para shall read as under:

"The unitholders are given an option to exit on the prevailing Net Asset Value (NAV) without any exit load within a time period not less than 15 calendar days from the date of communication. However, in case of change in control resulting in consolidation or merger of schemes, the unitholders are given an option to exit on the prevailing Net Asset Value (NAV) without

any exit load within a time period not less than 30 calendar days from the date of communication."

2. All other provisions mentioned in the aforesaid master circular pertaining to the respective para shall remain unchanged.
3. All AMCs are advised to make the necessary changes to facilitate the above within one month from the date of issuance of this circular.
4. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 77 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

LAKSHAYA CHAWLA

Deputy General Manager

08 Procedure for seeking prior approval for change in control

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/141 dated 10.08.2023]

1. Securities and Exchange Board of India ("SEBI") vide circular no. CIR/MIRSD/14/2011 dated August 02, 2011 had specified the procedure for seeking prior approval for change in control of certain intermediaries including Merchant Bankers and Bankers to an Issue.
2. Regulation 9A(1)(a) of SEBI (Merchant Bankers) Regulations, 1992 and Regulation 8A(1)(a) of SEBI (Bankers to an Issue) Regulations, 1994 provide that Merchant Bankers and Bankers to an Issue respectively shall obtain prior approval of SEBI in case of change in control.
3. To streamline the process of obtaining approval for the proposed change in control of Merchant Bankers and Bankers to an Issue (hereinafter referred as intermediary), the following procedure has been specified:
 - i. The intermediary shall make an online application to SEBI for prior approval through the SEBI Intermediary Portal ('SI Portal') (<https://siportal.sebi.gov.in>).
 - ii. The online application in SI portal shall be accompanied by the following information / declaration / undertaking about itself, the acquirer(s) / the person(s) who shall have the control and the directors / partners of the acquirer(s) / the person(s) who shall have the control:

VIMAL BHATTER

Deputy General Manager

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09 Reduction of timeline for listing of shares in Public Issue from existing T+6 days to T+3 days

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated 09.08.2023]

1. Consequent to extensive consultation with the market participants and considering the public comments received pursuant to consultation paper on the aforesaid subject matter, it has been decided to reduce the time taken for listing of specified securities after the closure of public issue to 3 working days (T+3 days) as against the present requirement of 6 working days (T+6 days); 'T' being issue closing date.
2. Accordingly, the revised timelines for listing of specified securities and various activities involved in the public issue process are specified in Annexure to this circular.
3. The T+3 timeline for listing shall be appropriately disclosed in the Offer Documents of public issues.
4. The timelines for submission of application, allotment of securities, unblocking of application monies and listing shall prominently be made a part of pre-issue, issue opening and issue closing advertisements issued by the Issuer for public issues in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").

General Instructions:

5. For Direct Bank ASBA and Syndicate ASBA applications, prior to blocking of ASBA application monies in the bank account of the applicant, the SCSBs shall ensure the following:
 - (i) The PAN mentioned in the application matches with the PAN linked to the bank account of the applicant maintained with the bank.
A confirmation on the above shall be submitted by SCSBs to the Registrar to an Issue along with the Final Certificate.
 - (ii) The PAN linked to the bank account of the applicant shall be part of the bidding data on the Stock Exchange platform.

E BALASUBRAMANIAN

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

10 Facility to remedy erroneous transfers in demat accounts

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/139 dated 08.08.2023]

1. SEBI, vide circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023, titled "Master Circular for Stock Brokers" has, inter alia, specified the following:
 2. SEBI has received representations from depositories regarding the challenges being faced with regard to obtaining OTP in case of reversal of erroneous transfers in the demat accounts, and was requested to address the issue.
 3. Considering the challenges involved and in order to facilitate the reversal of erroneous transfers, it is decided that a well-balanced and operational mechanism for exemption from OTP may be provided for reversal of such erroneous transfers in the demat accounts.
 4. For this purpose, Depositories shall constitute an internal and a joint committee for examining the intra-depository and inter-depository erroneous transfers respectively. Such committee shall be headed by a Public Interest Director of Depository and have a minimum of 3 members including the head. The depositories shall place before the committee all such instances of erroneous transfers pending for reversal.
 5. The committee shall examine such erroneous transfers and provide an opportunity of hearing to both the parties in the interest of principles of natural justice. The committee shall, based on the documentary evidence and the hearing, take a decision on the basis of reasons to be recorded in writing.
 6. Depositories shall subsequently act based on the decision of the committee and shall send an email to the registered email ID of the transferee, informing about the decision of the committee.
 7. Para 35.11 of SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/71 dated May 17, 2023 titled "Master Circular for Stock Brokers" stands supplemented to the extent of provisions of this circular.
 8. Further, to minimize such erroneous transfers, Depositories shall provide a facility for the investors and DPs to add and verify the beneficiaries before execution of off-market transfers including inter-depository transfers.
 9. Depositories shall put in place appropriate systems and procedures to ensure compliance with the provisions of this circular and disseminate the SoP on their websites and bring to the notice of their participants.

"35.11 All off-market transfer of securities shall be permitted by the Depositories only by execution of Physical Delivery Instruction Slip (DIS) duly signed by the client himself or by way of electronic DIS. The Depositories shall also put in place a system of obtaining client's consent through One Time Password (OTP) for such off market transfer of securities from client's demat account."

10. The provisions (excluding para 8) of this circular shall come into force with immediate effect. The provisions at para 8 of this circular shall come into force with effect from January 01, 2024.

ARADHANA VERMA

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

11 Transactions in Corporate Bonds through Request for Quote (RFQ) platform by FPIs

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/AFD/AFD-POD-2/P/CIR/2023/138 dated 07.08.2023]

- SEBI has been taking steps to increase the liquidity on RFQ platform of stock exchanges and to enhance the transparency and disclosure pertaining to trading in secondary market in corporate bonds. Certain stipulations have been prescribed for transactions by SEBI registered intermediaries on RFQ platform.
- Considering the above and with a view to increase liquidity on RFQ platform vis-à-vis trading in Corporate Bonds by FPIs, it is decided that FPIs shall undertake at least 10% of their total secondary market trades in Corporate Bonds by value by placing/seeking quotes on the RFQ platform of stock exchanges, on a quarterly basis.
- The aforesaid requirement shall come into force with effect from October 01, 2023.
- This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 20(5) and Regulation 44 of SEBI (Foreign Portfolio Investors) Regulations, 2019 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
- The circular is available on SEBI website at www.sebi.gov.in under the link "LEGAL > Circulars".

VIKASH NARNOLI

Deputy General Manager

12 Validity period of approval granted by SEBI to Alternative Investment Funds (AIFs) and Venture Capital Funds (VCFs) for overseas investment

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/AFD/PoD/CIR/P/2023/137 dated 04.08.2023]

- In terms of SEBI Circular No. SEBI/VCF/Cir no. 1/98645/2007 dated August 09, 2007, and SEBI Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023, VCFs and AIFs, respectively, have a time limit of six months from the date of prior approval from SEBI for making the allocated investments in offshore venture capital undertakings. In case the applicant AIF/VCF does not utilize the

limits allocated within six months, SEBI may allocate such unutilized limit to other applicant AIFs/VCFs.

- In this regard, taking into account recommendations of the Alternative Investments Policy Advisory Committee, it has been decided to reduce the aforesaid time limit for making overseas investments by AIFs/VCFs from six months to four months, so that the allocated limit is utilised efficiently and, if unutilised, the same is again available to the AIF industry in a shorter time span.
- The provisions of this circular shall apply to the overseas investment approvals granted by SEBI subsequent to the issuance of this circular.
- This circular is issued with the approval of the competent authority.
- This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

SANJAY SINGH BHATI

Deputy General Manager

13 Corrigendum cum Amendment to Circular dated July 31, 2023 on Online Resolution of Disputes in the Indian Securities Market

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated 04.08.2023]

- SEBI issued circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023 providing the guidelines for online resolution of disputes in the Indian securities market.
- Pursuant to feedback received, need for additional clarity or correction of language used, the circular stands modified as under:
 - Clause 8 of the circular stands substituted as under:

All listed companies / specified intermediaries / regulated entities in the securities market (collectively referred to as "Market Participant/s") shall enrol on the ODR Portal within the timelines as specified at paragraphs 46 and 47 of this circular and shall be deemed to have been enrolled on the ODR Portal at the end such specified timeline. The enrolment process shall also include executing electronic terms/agreements with MIIs and the ODR Institutions, which shall be deemed to be executed at the end such specified timeline. Facility to enrol Market Participants into the ODR Portal by utilising the credentials used for SEBI SCORES portal / SEBI Intermediary portal may be also provided in the ODR Portal.

II. Clause 11 of the circular stands substituted as under:

An investor/client shall first take up his/her/their grievance with the Market Participant by lodging a complaint directly with the concerned Market Participant. If the grievance is not redressed satisfactorily, the investor/client may, in accordance with the SCORES guidelines, escalate the same through the SCORES Portal in accordance with the process laid out therein. After exhausting these options for resolution of the grievance, if the investor/client is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the ODR Portal.

III. Clause 13 of the circular stands substituted as under:

The dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration in terms of the paragraph 11 above or SCORES guidelines as applicable or not pending before any arbitral process, court, tribunal or consumer forum or are non-arbitrable in terms of Indian law (including when moratorium under the Insolvency and Bankruptcy Code is in operation due to the insolvency process or if liquidation or winding up process has been commenced against the Market Participant).

IV. Clause 17 of the circular stands substituted as under:

The ODR Institution that receives the reference of the complaint/dispute shall appoint a sole independent and neutral conciliator from its panel of conciliators. Such conciliator shall have relevant qualifications or expertise (please refer to Schedule D) and should not be connected with or linked to any disputing party. MIIs shall ensure that appropriate measures are put in place regarding appointment of conciliators by the ODR Institutions.

V. In the first sentence of Clause 20.c. of the circular, "75%" shall stand substituted with "100%".

S. MANJESH ROY

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

14 Offer for Sale framework for sale of units of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/134 dated 03.08.2023]

- SEBI vide Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/10 dated January 10, 2023 specified the comprehensive framework on Offer for Sale (OFS) of shares including units of REITs and InvITs through stock exchange mechanism.
- Based on the feedback received from market participants, it has been decided to modify Paragraph B of SEBI Circular dated January 10, 2023 to allow OFS for units of private listed InvITs, as under:

"B. OFS Framework for sale of units of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

1.0 OFS for sale of units of REITs and InvITs by sponsor(s) or sponsor group entities, and other unitholders are permitted only in units of listed REITs and listed InvITs. The OFS framework for REITs and InvITs shall be equivalent to the OFS framework prescribed at paragraph-A above for equity shares of listed companies.

Provided that in case of OFS for listed InvITs, the trading lot shall be same as the trading lot prescribed for such InvITs in the secondary market in terms of SEBI (Infrastructure Investment Trusts) Regulations, 2014.

Provided further that since there is no participation of retail investors in private listed InvITs, the provisions related to retail investors as specified in paragraph-A above shall not be applicable in case of OFS for such InvITs and the OFS shall remain open only for one day (i.e. T day)."

- The provisions of this circular shall come into force with immediate effect.
- All recognized stock exchanges are advised to:
 - take necessary steps and put in place necessary systems for implementation of the above.
 - make necessary amendments to the relevant bye-laws, rules and regulations, wherever required, for the implementation of the above; and
 - bring the provisions of this circular to the notice of market participants (including investors) and also to disseminate the same on their website;
- This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of and to regulate the securities market.
- This circular is available on SEBI website at www.sebi.gov.in at "Legal Framework-Circulars."

HRUDA RANJAN SAHOO

Deputy General Manager

15 Audit of firm-level performance data of Portfolio Managers

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/133 dated 02.08.2023]

- As per paragraph 5.3.1 of the SEBI Master Circular No. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38 dated March 20, 2023 ('Master Circular'), Portfolio Managers are required to audit firm-level performance data on an annual basis and submit the confirmation of compliance with paragraph 4.5.3 of the Master Circular to SEBI within sixty days of the end of each financial year.

2. As per the aforesaid requirement, Portfolio Managers are required to consider all clients' portfolios managed (i.e. clients of both discretionary and non-discretionary portfolio management services) for the purpose of audit of firm-level performance data.
3. Standard Terms of Reference by APMI:
 - 3.1. In order to have uniformity, it has been decided that APMI, in consultation with SEBI, shall specify standardised Terms of Reference ("ToR") for aforesaid audit of firm-level performance data.
 - 3.2. The standard ToR shall inter-alia include requirement for Portfolio Managers to consider clients' portfolios under all services for the purpose of audit of firm-level performance data. Performance of advisory clients may be excluded only if performance of such clients, either individually or cumulatively, is not reported or published in any marketing material or website.
 - 3.3. The standard ToR specified by APMI shall be applicable with effect from October 01, 2023, and shall be mandatorily followed by all Portfolio Managers for the purpose of annual audit of firm-level performance data.
4. Submission of reports:
 - 4.1. Portfolio Managers shall submit the confirmation of compliance with the requirement of annual audit of firm-level performance data in line with the standard ToR specified by APMI, to SEBI within sixty days from the end of each financial year. The aforesaid report on confirmation of compliance to SEBI shall be certified by Directors/Partners of the Portfolio Manager or by person(s) authorized by the Board of Directors/Partners of the Portfolio Manager.
 - 4.2. Portfolio Managers shall submit audit report on firm-level performance data to SEBI within sixty days from end of each financial year.
5. The provisions of this circular shall come into effect from the date of issuance of this circular.
6. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 43 of SEBI (Portfolio Managers) Regulations, 2020, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
7. This circular is available on SEBI website at <http://www.sebi.gov.in> under the category "Legal -> Circulars".

PETER MARDI

Deputy General Manager

16 Trading Preferences by Clients – Applicability for commodity derivatives

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/132 dated 01.08.2023]

1. SEBI, vide circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/95 dated June 21, 2023, prescribed a revised format of "Trading Preferences" to be provided by clients to their respective stock brokers with the intent of allowing such clients access to all the exchanges for the same segment.
2. SEBI, vide its circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/92 dated September 23, 2016 (incorporated under SEBI Master Circular for Stock Brokers dated May 17, 2023), prescribed the account opening process for members of commodity derivatives exchanges, as per the FMC circular no. FMC/COMPL/IV/KRA-05/11/14 dated February 26, 2015. Commodity derivatives exchanges have represented that the format as prescribed at Para 5 of SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/95 dated June 21, 2023 may not be made applicable to exclusive members of the commodity derivatives exchanges.
3. In view of the fact that in case of commodity derivatives exchanges, overlap of traded commodities between them is low at this point of time, it is hereby clarified that the aforesaid format of "Trading Preferences" as specified in SEBI circular dated June 21, 2023, shall not be made applicable to members registered exclusively with commodity derivatives exchanges. Such members shall use the format as prescribed by the erstwhile Forward Markets Commission (FMC) vide its circular no. FMC/COMPL/IV/KRA-05/11/14 dated February 26, 2015 which is as under:

ARADHANA VERMA

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

17 Enhancing transaction limits for Small Value Digital Payments in Offline Mode

[Issued by the Reserve Bank of India vide RBI/2023-24/57 CO.DPSS.POLC.No.S526/02-14-003/2023-24 dated 24.08.2023]

This has reference to the Reserve Bank of India circular CO.DPSS.POLC.No.S1264/02-14-003/2021-2022 dated January 03, 2022 on "Framework for Facilitating Small Value Digital Payments in Offline Mode".

2. As announced in the Statement on Development and Regulatory Policies dated August 10, 2023, the upper limit of an offline payment transaction is increased to ₹500. Other instructions mentioned in

the framework shall continue to remain applicable as before.

3. This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect immediately.

GUNVEER SINGH

Chief General Manager

18 Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)

[Issued by the Reserve Bank of India vide RBI/2023-24/56 DOR.AML.REC.33/14.06.001/2023-24 dated 18.08.2023]

Please refer to Section 52 of our Master Direction on Know Your Customer dated February 25, 2016 as amended on May 04, 2023 (MD on KYC), in terms of which, inter alia, "REs shall ensure meticulous compliance with the "Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated January 30, 2023, by the Ministry of Finance, Government of India (Annex III of the Master Direction on Know Your Customer)."

2. Further, in terms of Section 53 of our MD on KYC, "REs shall verify every day, the 'UNSCR 1718 Sanctions List of Designated Individuals and Entities', as available at <https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm>, to take into account any modifications to the list in terms of additions, deletions or other changes and also ensure compliance with the 'Implementation of Security Council Resolution on Democratic People's Republic of Korea Order, 2017', as amended from time to time by the Central Government".
3. A reference is also invited to our circular DOR.AML.REC.23/14.06.001/2023-24 dated July 04, 2023, communicating thereby the Consolidated List of UNSC Designated / Sanctioned Individuals and Entities under the UNSC Resolutions relating to non-proliferation. Certain amendments to the entries in the List were notified vide our circular DOR.AML.REC.24/14.06.001/2023-24 dated July 04, 2023.
4. In this regard, Ministry of External Affairs (MEA), GoI has informed that the UNSC Committee established pursuant to resolution 1718(2006) enacted the amendments, specified with strikethrough and/or underline in certain entries on its Sanctions List of individuals and entities (enclosed with this circular). Hence, the 'designated list' (as referred in Para 2.1

and other relevant paras of the aforementioned Order dated January 30, 2023) communicated vide our circular DOR.AML.REC.23/14.06.001/2023-24 dated July 04, 2023 is amended in accordance with the changes in these relevant entries.

5. The latest version of the UNSC Sanctions lists on DPRK & Iran are accessible on the UN Security Council's website at the following URLs:

<https://www.un.org/securitycouncil/sanctions/1718>

<https://www.un.org/securitycouncil/content/2231/list>

6. The REs are advised to take note of the aforementioned communications and ensure meticulous compliance.

SANTOSH KUMAR PANIGRAHY

Chief General Manager

19 Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans¹

[Issued by the Reserve Bank of India vide RBI/2023-24/55 DOR.MCS.REC.32/01.01.003/2023-24 dated 18.08.2023]

Please refer to our circular no. DBR.No.Dir.BC.10/13.03.00/2015-16 dated July 01, 2015, Master Directions no. DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016, DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 and DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 vide which the guidelines pertaining to Fair Practices Code for lenders have been issued to SCBs, NBFCs and HFCs, respectively. In terms of extant instructions of Reserve Bank of India, regulated entities (REs) have the freedom to offer all categories of advances either on fixed or on floating interest rates basis.

2. At the time of sanction of EMI based floating rate personal loans, REs are required to take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, the REs are advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:
 - (i) At the time of sanction, REs shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on

the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.

- (ii) At the time of reset of interest rates, REs shall provide the option to the borrowers to switch over to a fixed rate as per their Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
 - (iii) The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
 - (iv) All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the REs from time to time.
 - (v) REs shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
 - (vi) REs shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The REs shall ensure that the statements are simple and easily understood by the borrower.
3. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities. In case of loans linked to an external benchmark under the External Benchmark Lending Rate (EBLR) regime, the banks should follow extant instructions and also put in place adequate information systems to monitor transmission of changes in the benchmark rate to the lending rate.
 4. REs shall ensure that the above instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall

be sent a communication, through appropriate channels, intimating the options available to them.

5. The above instructions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, and sections 30A and 32 of the National Housing Bank Act, 1987.

SANTOSH KUMAR PANIGRAHY

Chief General Manager

¹ As defined in the RBI circular No. DBR.No.BP.BC.99/08.13.100/2017-18 on "XBRL Returns – Harmonization of Banking Statistics" dated January 04, 2018.

20 Review of Regulatory Framework for IDF-NBFCs

[Issued by the Reserve Bank of India vide RBI/2023-24/54 DoR.SIG.FIN. REC.31/03.10.001/2023-24 dated 18.08.2023]

In order to enable IDF-NBFCs to play a greater role in the financing of the infrastructure sector and to harmonise the regulations governing financing of infrastructure sector by the NBFCs, a review of the guidelines applicable to IDF-NBFCs has been undertaken, in consultation with the Government of India.

2. The revised regulatory framework for IDF-NBFCs is provided in the Annex. These guidelines shall come into effect from the date of this circular.

J.P. SHARMA

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

21 Fair Lending Practice - Penal Charges in Loan Accounts

[Issued by the Reserve Bank of India vide RBI/2023-24/53 DoR.MCS. REC.28/01.01.001/2023-24 dated 18.08.2023]

Reserve Bank has issued various guidelines to the Regulated Entities (REs) to ensure reasonableness and transparency in disclosure of penal interest. Under the extant guidelines, lending institutions have the operational autonomy to formulate Board approved policy for levy of penal rates of interest. It has been observed that many REs use penal rates of interest, over and above the applicable interest rates, in case of defaults / non-compliance by the borrower with the terms on which credit facilities were sanctioned.

2. The intent of levying penal interest/charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest. However, supervisory

reviews have indicated divergent practices amongst the REs with regard to levy of penal interest/charges leading to customer grievances and disputes.

3. On a review of the practices followed by REs for charging penal interest/charges on loans, the following instructions are issued for adoption.

- (i) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances.

There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

- (ii) The REs shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- (iii) The REs shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.
- (iv) The quantum of penal charges shall be reasonable and commensurate with the noncompliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- (v) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to nonindividual borrowers for similar non-compliance of material terms and conditions.
- (vi) The quantum and reason for penal charges shall be clearly disclosed by REs to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on REs website under Interest rates and Service Charges.
- (vii) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.
- (viii) These instructions shall come into effect from January 1, 2024. REs may carry out appropriate revisions in their policy framework and ensure

implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of this circular, whichever is earlier.

4. The above instructions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, and section 30A of the National Housing Bank Act, 1987 and shall be updated in the relevant Master Directions / Master Circulars of the applicable REs. The list of amendments to the Master Directions / Master Circulars has been provided in the Annex.
5. These instructions shall, however, not apply to Credit Cards, External Commercial Borrowings, Trade Credits and Structured Obligations which are covered under product specific directions.

SANTOSH KUMAR PANIGRAHY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

22 Reserve Bank of India Act, 1934 - Section 42(1A) - Requirement for maintaining additional CRR

[Issued by the Reserve Bank of India vide RBI/2023-24/52 DOR.RET. REC.29/12.01.001/2023-24 dated 10.08.2023]

Under Section 42(1) of the Reserve Bank of India Act, 1934, all Scheduled Banks are required to maintain with Reserve Bank of India a Cash Reserve Ratio (CRR) of 4.50 per cent of Net Demand and Time Liabilities (NDTL).

2. On a review of the current liquidity conditions, it has been decided to issue a directive under Section 42(1A) of the Reserve Bank of India Act, 1934 requiring all Scheduled Commercial Banks / Regional Rural Banks / all Scheduled Primary (Urban) Co-operative Banks / all Scheduled State Co-operative Banks to maintain with the Reserve Bank of India, effective from the fortnight beginning August 12, 2023, an incremental CRR (I-CRR) of 10 per cent on the increase in NDTL between May 19, 2023 and July 28, 2023. The I-CRR will be reviewed on September 8, 2023 or earlier.
3. A copy of the relative notification DOR.RET. REC.30/12.01.001/2023-24 dated August 10, 2023 is enclosed.

BRIJ RAJ

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

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NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF JULY 2023
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF JULY 2023
- LIST OF PEER REVIEWED UNITS
- NEW ADMISSIONS
- OBITUARIES
- CHANGE / UPDATION OF ADDRESS
- UPLOADING OF PHOTOGRAPH AND SIGNATURE



Institute News

MEMBERS RESTORED DURING THE MONTH OF JULY 2023

SL. NO	NAME	MEMB NO	REGION
1	CS KERSI RUSTOM BHAGAT	ACS - 11316	WIRC
2	CS S LAKSHMI	ACS - 11488	SIRC
3	CS CHANDER SHEKHAR SACHDEVA	ACS - 12297	NIRC
4	CS YANKUSH KUMAR GOVIL	ACS - 13921	NIRC
5	CS ATUL KUMAR PANDEY	ACS - 14507	SIRC
6	CS MD. AFZAL LODHI	ACS - 14732	EIRC
7	CS VANDANA YADAV	ACS - 15101	NIRC
8	CS RANBIR KRISHAN	ACS - 1646	WIRC
9	CS NAMRATA JAISWAL	ACS - 17118	SIRC
10	CS RAKESH KUMAR	ACS - 17192	NIRC
11	CS NITASHA GUPTA	ACS - 17327	EIRC
12	CS KANCHANA B.	ACS - 17426	SIRC
13	CS RANJEET SINGH	ACS - 17809	NIRC
14	CS P.V.S.S. MURALIKRISHNA	ACS - 18160	SIRC
15	CS RAMCHANDER RAO MUKKAMALA	ACS - 18307	SIRC
16	CS ANSHU GUPTA	ACS - 19007	SIRC
17	CS SWEETY KILLA	ACS - 19166	EIRC
18	CS SAMTA AGARWAL	ACS - 19204	EIRC
19	CS SANGEETA AGARWAL	ACS - 20589	EIRC
20	CS VIMAL TANK	ACS - 22370	WIRC
21	CS SUPRIYA THAKUR	ACS - 22716	NIRC
22	CS SNEHA MAHESH KUVADIA	ACS - 23634	WIRC
23	CS NAZREEN M	ACS - 23650	SIRC
24	CS ANKUR CHATURVEDI	ACS - 23797	SIRC
25	CS P SRIVIDHYA	ACS - 24190	SIRC
26	CS MAHESH MAHESHWARI	ACS - 26313	NIRC
27	CS REHANA GULAM MOHAMED SHAIKH	ACS - 26758	WIRC
28	CS SARIEKA VERMA	ACS - 27150	NIRC
29	CS AARTI ROHATGI	ACS - 28173	NIRC

30	CS PRIYANKA PADALE	ACS - 28799	WIRC
31	CS DEEPAK WALIA	ACS - 29655	NIRC
32	CS SHRAVAN AGRAWAL	ACS - 29782	EIRC
33	CS PANKAJ SHANTARAM PATIL	ACS - 29823	WIRC
34	CS PRABHDEEP KAUR MAKKAR	ACS - 30310	NIRC
35	CS PRANAV PANKAJ SHAH	ACS - 30873	WIRC
36	CS MONIKA AGRAWAL	ACS - 31258	NIRC
37	CS MOHAMED JAVED SHERIF	ACS - 31741	SIRC
38	CS RAHUL SHARMA	ACS - 31872	NIRC
39	CS SAURABH MAHESHWARI	ACS - 32026	NIRC
40	CS S REVATHY	ACS - 32170	SIRC
41	CS RAKESH NISCHAL	ACS - 3292	NIRC
42	CS ANKITA GIRISH THAKURDESAI	ACS - 33418	WIRC
43	CS CHETHANA RAJASHEKAR	ACS - 33663	SIRC
44	CS SWETA GINDURAM RUNGTA	ACS - 34619	EIRC
45	CS GAURAV RUSTAGI	ACS - 35014	NIRC
46	CS SRINIVASAN NARASIMHAN	ACS - 36872	WIRC
47	CS AMIT KUMAR SAHA	ACS - 36973	WIRC
48	CS VIVEK DNYANESHWAR PATIL	ACS - 37119	WIRC
49	CS ANKITA KEDIA	ACS - 37451	EIRC
50	CS REENA KUMARI	ACS - 37624	NIRC
51	CS MANISHA SATYANI	ACS - 38453	NIRC
52	CS JAHNU BORAH	ACS - 39302	NIRC
53	CS DEEPIKA CHANDRABHAN YADAV	ACS - 40139	NIRC
54	CS BHAWNA	ACS - 40390	NIRC
55	CS SAKSHI GAUTAM	ACS - 40516	NIRC
56	CS SARTHAK DHINGRA	ACS - 40559	NIRC
57	CS NIRUPIKA BHARDWAJ	ACS - 41302	NIRC
58	CS SUBHASH CHANDER SHARMA	ACS - 42135	NIRC
59	CS NEEMA PANDEY	ACS - 42201	NIRC
60	CS PRERIKA GUPTA	ACS - 42818	WIRC
61	CS KAVITA NAYAN PANDYA	ACS - 43052	WIRC
62	CS RICHA SHAW	ACS - 43063	EIRC
63	CS NAVEEN KUMAR	ACS - 43214	NIRC
64	CS KHUSHBOO SANDEEP SHAH	ACS - 43260	WIRC
65	CS RAJESH B. PUNJANI	ACS - 4384	WIRC
66	CS SHWETA KANTILAL PANCHAL	ACS - 43937	WIRC
67	CS CHUNDI ANKI REDDY	ACS - 44339	SIRC

68	CS USHA KIRAN	ACS - 44578	SIRC
69	CS ESSAKIAMMAL	ACS - 45116	WIRC
70	CS SHAHIN PARVEEN	ACS - 45133	EIRC
71	CS ABHISHEK REDDY RACHUR	ACS - 45303	SIRC
72	CS KSHIPRA BANSAL	ACS - 45665	NIRC
73	CS MEGHA MONGA	ACS - 45669	NIRC
74	CS PRIYANKA CHANDRASHEKHAR GOLE	ACS - 45706	WIRC
75	CS MILI GIRISH TRIVEDI	ACS - 46009	WIRC
76	CS VISHAL GALAV	ACS - 47377	NIRC
77	CS AMBREEN MOENUDDIN ALI	ACS - 47467	SIRC
78	CS PARUL BANSAL	ACS - 47543	SIRC
79	CS ANISHA FALOR	ACS - 49083	NIRC
80	CS NIKITA JAWAR	ACS - 50864	EIRC
81	CS MAMTA KUMARI	ACS - 51081	NIRC
82	CS SHIKHA SINGH	ACS - 51367	WIRC
83	CS DHARAN ANUP GUDHKA	ACS - 51553	WIRC
84	CS KASHYAP DEEPAK MEHTA	ACS - 52086	WIRC
85	CS SHABINA SHAHEEN	ACS - 52333	WIRC
86	CS JAI PRAKASH SHARMA	ACS - 52538	NIRC
87	CS ANKITA SONI	ACS - 52911	NIRC
88	CS KARISHMA HEMRAJ BHANDARI	ACS - 52993	WIRC
89	CS DOLLY ROY CHOUDHARY	ACS - 54263	NIRC
90	CS HARPRIT BALDEVSINGH SAINI	ACS - 55631	WIRC
91	CS MEHAK	ACS - 55768	NIRC
92	CS SOLOMON RAJESH JEYASINGH	ACS - 56134	SIRC
93	CS KAVITA MOHTA	ACS - 56316	WIRC
94	CS GUNJAN GUPTA	ACS - 57884	NIRC
95	CS SUNAINA KHATRI	ACS - 58397	NIRC
96	CS PIYUSH KUMAR GARG	ACS - 58511	NIRC
97	CS ANJALI KHARKWAL	ACS - 58708	NIRC
98	CS PRASHANT SHARMA	ACS - 59573	NIRC
99	CS ASHNE YOGEN MEHTA	ACS - 60111	WIRC
100	CS BHAGYASHREE GUPTA	ACS - 60529	EIRC
101	CS SALONY CHOUDHARY	ACS - 60807	NIRC
102	CS NEHA CHACHAN	ACS - 62102	SIRC
103	CS NARENDRA KUMAR	ACS - 62751	NIRC
104	CS ANJU PREMSHANKAR PANDEY	ACS - 62809	WIRC
105	CS SHILPA JAIN	ACS - 63402	WIRC
106	CS SUMIT AGARWAL	ACS - 63747	EIRC
107	CS POOJA AGARWAL	ACS - 63993	NIRC

108	CS RUPALI GHOGIA	ACS - 64061	NIRC
109	CS AVINASH KUMAR	ACS - 64131	EIRC
110	CS SURABHI JAIN	ACS - 66178	NIRC
111	CS PREETHIKA PILINJA	ACS - 66684	SIRC
112	CS ASHISH RAJKUMAR KIRAD	ACS - 66814	WIRC
113	CS DINESH JAGJIVANBHAI DARJI	ACS - 6726	WIRC
114	CS SHETUL DINESH THAKRAR	ACS - 67596	SIRC
115	CS M B G TILAK	ACS - 7449	SIRC
116	CS UDAY KUMAR GURKAR	ACS - 7997	WIRC
117	CS RAJMAL LABHCHAND MOGRA	ACS - 8089	WIRC
118	CS INDU SINGH	ACS - 8100	WIRC
119	CS SARVESHWAR SARUP MATHUR	ACS - 8218	NIRC
120	CS KAUSHAL KISHOR AGRAWAL	FCS - 11810	SIRC
121	CS R K PUNGALIA	FCS - 1720	NIRC
122	CS NARENDER PAL GUPTA	FCS - 2105	NIRC
123	CS RIKHAB CHAND JAIN	FCS - 2653	NIRC
124	CS ARUN KUMAR AGARWAL	FCS - 3985	NIRC
125	CS P MURALIKRISHNA	FCS - 4215	SIRC
126	CS ANSHUL AGRAWAL	FCS - 4407	NIRC
127	CS VIJAY MEHROTRA	FCS - 4475	NIRC
128	CS RANJANA V MUDHOLKAR	FCS - 4492	NIRC
129	CS AJAY KUMAR JAIN	FCS - 4729	EIRC
130	CS DILEEP KUMAR SINGH	FCS - 6639	WIRC
131	CS RAJAT ARORA	FCS - 7975	NIRC

CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF JULY 2023

SL. NO	NAME	MEMB NO	COP NO	REGION
1	CS AJAY KUMAR SANCHETI	FCS - 5605	26744	NIRC
2	CS AKANSHA NIGAM	ACS - 65633	26747	NIRC
3	CS ARUSHI GUPTA	ACS - 42719	26763	NIRC
4	CS BALA VEDAMANI	ACS - 69135	26751	SIRC
5	CS BHAVIN JAGDISHBHAI WAGHELA	ACS - 46806	26762	WIRC
6	CS BIKASH CHANDRA CHATTERJI	ACS - 6411	26783	EIRC
7	CS BISHAL MANDAL	ACS - 62101	26788	EIRC
8	CS CHANDER PRABHA	ACS - 56479	26772	EIRC
9	CS CHOPPARA HARISH KUMAR	ACS - 72097	26785	SIRC
10	CS DIVYA MEHTA	ACS - 36777	26786	WIRC
11	CS DIVYA SINGH	ACS - 32268	26745	NIRC
12	CS GARIMA MUNDHRA	ACS - 70347	26766	WIRC

13	CS GAURAV HIMMATBHAI WAGHELA	ACS - 71725	26752	WIRC
14	CS GAYATHRI T P	ACS - 20226	26782	SIRC
15	CS HARSHA S DESAI	ACS - 69637	26743	SIRC
16	CS HITESH KOTHARI	FCS - 6038	26758	WIRC
17	CS HITIKA AHUJA	ACS - 42641	26784	NIRC
18	CS ISHMAVEL JACOB	ACS - 57818	26764	SIRC
19	CS KALYANI ASHWIN PUNDLIK	ACS - 70855	26776	WIRC
20	CS KANIKA BHUTANI	ACS - 43271	26761	NIRC
21	CS KEERTHI A	ACS - 66855	26746	SIRC
22	CS KOMAL JAIN	ACS - 22808	26792	EIRC
23	CS KUMUD MITTAL	ACS - 21813	26778	NIRC
24	CS M MOHAN-ASUNDARAM	ACS - 71901	26753	SIRC
25	CS MANVI SHARMA	ACS - 67876	26794	NIRC
26	CS MOHAMMAD KHALID	ACS - 34335	26754	NIRC
27	CS MUSKAN AGARWAL	ACS - 57023	26755	NIRC
28	CS NEHA SANCHETI	ACS - 65976	26741	SIRC
29	CS POOJA JEETENDRA OJHA	ACS - 41693	26773	SIRC
30	CS PRAVESH PALOD	ACS - 57964	26765	WIRC
31	CS PRIYANKA BANSAL	ACS - 71262	26779	EIRC
32	CS RACHANA KISHOR JAVERI	ACS - 67649	26771	WIRC
33	CS RAMCHANDRA DEVRAO KALEKAR	ACS - 71930	26757	WIRC
34	CS RASHMI	ACS - 62535	26787	SIRC
35	CS RASHMI REKHA BORA	ACS - 66321	26793	EIRC

36	CS RICKY PANKAJKUMAR KAPADIA	ACS - 60440	26790	WIRC
37	CS S NANDAKUMARAN	ACS - 15773	26770	SIRC
38	CS S SHIVA PRIYAA	ACS - 72088	26777	SIRC
39	CS SANTHANA-MARIMUTHU RAJAGURU	FCS - 2046	26767	SIRC
40	CS SAPNA KUMARI SINGH	ACS - 70013	26760	EIRC
41	CS SAUBHAGYA SHREE DALMIA	ACS - 67868	26769	NIRC
42	CS SHALINI PATHAK	ACS - 72148	26789	NIRC
43	CS SHUBHAM GOEL	ACS - 68599	26742	NIRC
44	CS SHWETA GARG	ACS - 34987	26749	NIRC
45	CS SMIT NARENDRA PATEL	ACS - 72047	26780	WIRC
46	CS SUJITKUMAR RATIKANT JHA	ACS - 59508	26774	WIRC
47	CS SUMITEE KAPOOR	ACS - 69256	26775	NIRC
48	CS SURABHI RAMMURTI DUBEY	ACS - 44545	26781	WIRC
49	CS SUVARNA JAYESH KATKE	ACS - 61436	26756	WIRC
50	CS TANUJA ASHOK BUTE	ACS - 71633	26750	WIRC
51	CS VANDANA KISHAN LAL OJHA	ACS - 69829	26791	WIRC
52	CS VARUN SHARMA	ACS - 21011	26768	NIRC
53	CS VIMAL KUMAR TAPARIA	ACS - 10116	26748	EIRC
54	CS VIPUL ARORA	FCS - 10719	26759	NIRC

LIST OF PEER REVIEWED UNITS

The List of Peer Reviewed Units is updated on ICSI Website from time to time and can be accessed at <https://tinyurl.com/PRList2023>

We request members to visit the list for their reference and records.

Peer Review Secretariat

ICSI

NEW ADMISSIONS

For latest admission of Associate and Fellow Members, Life Members of Company Secretaries Benevolent Fund (CSBF), Licentiates and issuance of Certificate of Practice, kindly refer to the link <https://www.icsi.edu/member>



OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

CS N Ramaraj (22.11.1952 – 07.05.2023), a Fellow Member of the Institute from Chennai.

CS Lakshmi Kakumani Sandhya (14.02.1981 – 18.07.2023), an Associate Member of the Institute from Bengaluru.

CS Salil Kumar Sarkar (01.03.1935 – 21.04.2023), a Fellow Member of the Institute from Kolkata.

CS G Ramarathnam (13.09.1941 – 10.01.2023), a Fellow Member of the Institute from Ghaziabad.

May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss.

May the departed souls rest in peace.

CHANGE / UPDATION OF ADDRESS

The members are requested to check and update (if required) your professional and residential addresses ONLINE only through Member Login. Please indicate your correspondence address too.

The steps to see your details in the records of the Institute:

1. Go to www.icsi.edu
2. Click on **MEMBER** in the menu
3. Click on **Member Search** on the member home page
4. Enter your membership number and check
5. The address displayed is your Professional address (Residential if Professional is missing)

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1. Go to www.icsi.edu
2. On the Online Services ----select **Member Portal** from dropdown menu
3. Login using your membership number e.g. A1234/F1234
4. Under **My Profile** --- Click on View and update option and check all the details and make the changes required and save
5. To change the mobile number and email id click the side option “**Click Here to update Mobile Number and E-mail Id**”
6. Check the residential address and link the Country-State-District-City and check your address in the fields Add. Line1/Add. Line2 & Add. Line3 (Click Here to change residential address)
 - a) Select the Country#
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on “Save” button.
7. Select the appropriate radio button for Employment Status and check your address in the fields Add. Line1/Add. Line2 & Add. Line3 click the link on the right (Click Here to change Professional address)
 - a) Select the Country#
 - b) Select the State
 - c) Select the City
 - d) Submit the Pincode which should be 6 digits without space.
 - e) Then click on “Save” button.
8. Go back to the Dashboard and check if the new address is being displayed.

#in case of Foreign Country and State is not available in options then Select “**Overseas**” – A pop-up will open and you can add the “City, District, State” of that Country alongwith Zipcode

Members are required to verify and update their address and contact details as required under Regulation 3 of the CS Regulations, 1982 amended till date

For any further assistance, we are available to help you at <http://support.icsi.edu>

UPLOADING OF PHOTOGRAPH AND SIGNATURE

Members are requested to ensure that their latest scanned passport size front-facing colour photograph (in formal wear) and signature in .jpg format (each on light-colored background of not more than 200 kb file size) are uploaded on the online portal of the Institute.

Online Steps for Uploading of photo and signature.

- Use ONLINE SERVICES tab on www.icsi.edu
- Select Member Portal from dropdown
- Login using your membership number e.g. A1234/F1234
- Enter your password
- Under My Profile --- Click on View and Update
- Upload/update the photo and signature as required
- Press Save button



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भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
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In addition to their identity cards and Associate certificates, members can also now access and download their Fellow certificates and Certificates of Practice from the Digilocker anytime, anywhere.



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- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
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5. For membership certificate, Enter your membership and select ACS / FCS from drop down.
6. For COP certificate enter your COP number e.g. 12345 and select COP.
7. Click download / generate.
8. The ID Card / Membership certificate / Practice Certificate can be downloaded every year after making payment of Annual Membership fees.



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

Motto
सत्यं वद। धर्मं चर। इष्टं कुरु त्वाक्। बोधेन ह्यु चैव।

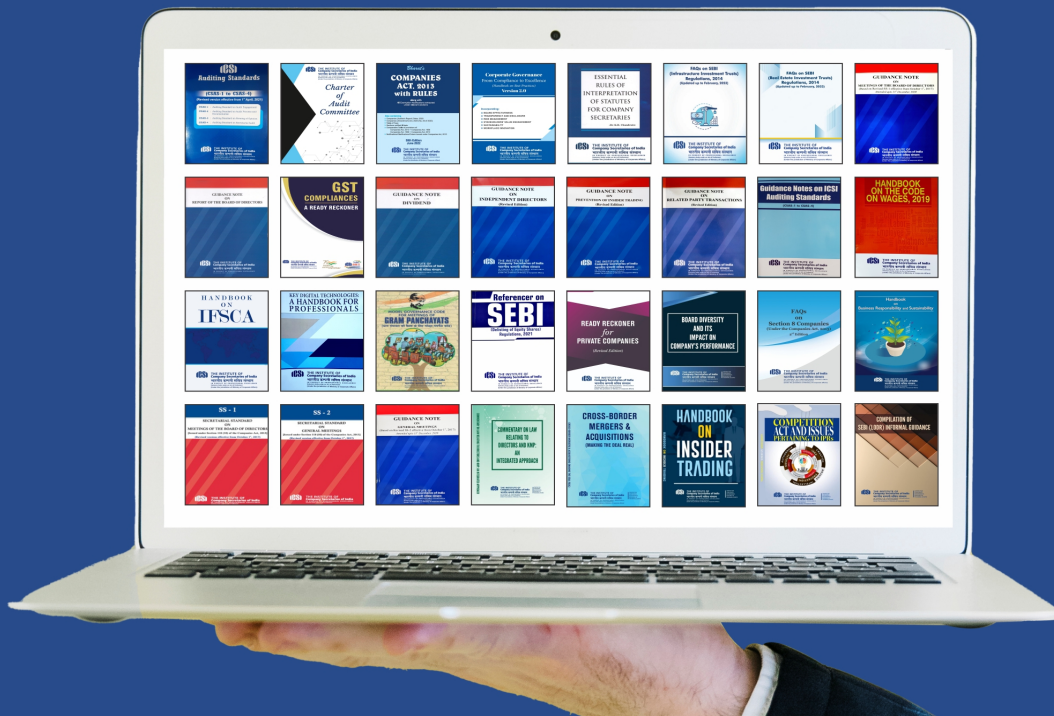
Mission
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facilitating good corporate governance"

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3RD ICSI BEST PCS FIRM AWARD

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Eligibility

Proprietary Firm/Partnership Firm/LLP
registered with ICSI

AWARD CATEGORIES

One award to the Best PCS Firm

Last Date for Submission 25th September, 2023

For further details: Mail us at pcsfirmaward@icsi.edu
Contact Us: 011-45341070



Please visit <https://www.icsi.edu/home/icsinationalawards2023/>

CS Manish Gupta
President
The ICSI

CS B. Narasimhan
Vice President
The ICSI

CS Dhananjay Shukla
Chairman, CLGC and Council Member
The ICSI

CS Asish Mohan
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धेदु।

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facilitating good corporate governance"

5TH ICSI BEST SECRETARIAL AUDIT REPORT AWARD



The Award recognizes and encourages the efforts of Company Secretaries in Practice in their roles as Secretarial Auditors in elevating the culture of governance in corporate sector and enhancing the importance of Secretarial Audit Report in the years to follow.

Eligibility

- All Secretarial Audit Reports relating to FY 2022-23
- 5 Secretarial Audit Reports can be nominated for Audits conducted under Section 204 of Companies Act, 2013 and SEBI (LODR) Regulations, 2015

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Last Date for Submission: 25th September, 2023

For further details: Mail us at sarawards@icsi.edu
Contact Us: 011-45341070



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CS Manish Gupta
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ICSI House, 22, Institutional Area, Lodi Road, New Delhi –110003

Phone : 011-45341036/ 92 email : hr.dept@icsi.edu Website : www.icsi.edu

CAREER OPPORTUNITIES

The Institute of Company Secretaries of India (ICSI) is a statutory body set up under an Act of Parliament, the Company Secretaries Act, 1980, to regulate and develop the profession of Company Secretaries in India. The ICSI invites applications for the following posts at its Headquarters at New Delhi/ Noida, Regional offices and Chapter offices across India :-

Name, Nature of the Posts and Location	Pay Level as per 7 th CPC Pay Matrix (Rs.)	Gross Salary per Annum (Rs. in Lakhs)	Age (as on 01.09.2023)	No. of Posts
Executive (Academics) (Regular post) (New Delhi/ Noida)	Level 8 (47600-151100)	10.2	35 years (Max. Age)	10
Executive Assistant (Regular post) (Anywhere in India)	Level 4 (25500-81100)	05.7	35 years (Max. Age)	10
Senior Consultant (Infrastructure) (Contractual post) (New Delhi/ Noida)	Between 09 -18 Lakhs per annum (Consolidated)		Between 45 - 65 years	01
Senior Consultant (IT) (Contractual post) (New Delhi/ Noida)	Between 09 -18 Lakhs per annum (Consolidated)		Between 45 - 65 years	01
Senior Consultant (Operations) (Contractual post) (New Delhi/ Noida)	Between 09 -18 Lakhs per annum (Consolidated)		Between 45 - 65 years	01

For further details viz. qualification, experience, procedure for submission of application etc., please visit website www.icsi.edu/careers on and from **2nd September, 2023**. Interested candidates may apply only through electronic mode (Online). Last date for submission of application (Online) is **20th September, 2023**. Candidates who have already applied for the post of **Executive (Academics)** in ICSI in May, June or July, 2023 need not apply again. Reservation policy will be applicable as adopted by the "ICSI" in its Service Rules. The "ICSI" reserves the right to increase/decrease or even not to fill up any posts as per its requirement.



www.icsi.edu/careers

6

MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER

NOTIFICATIONS**NOTIFICATION NO. 36/2023-CENTRAL TAX DATED 4TH AUGUST, 2023**

This notification prescribes following special procedure to be followed by the electronic commerce operators (ECO) with effect from 1.10.2023 in respect of supplies of goods through them by composition taxpayers:

- i. ECO shall not allow any inter-State supply of goods through it by composition taxpayers;
- ii. ECO shall collect tax at source as per section 52(1) in respect of supply of goods made through it by composition taxpayers and pay to the Government as per section 52(3); and
- iii. ECO shall furnish the details of supplies of goods in FORM GSTR-8.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1009818/ENG/Notifications>

NOTIFICATION NO. 37/2023-CENTRAL TAX DATED 4TH AUGUST, 2023

This notification prescribes following special procedure to be followed by the electronic commerce operators (ECO) with effect from 1.10.2023 in respect of supplies of goods through them by unregistered persons (i.e., persons having an aggregate turnover in the preceding financial year and in the current financial year below the threshold limit):

- i. ECO shall allow the supply of goods through it by the said person only if enrolment number has been allotted on the common portal to the said person;
- ii. ECO shall not allow any inter-State supply of goods and also not collect tax at source in respect of such supply of goods; and
- iii. ECO shall furnish the details of such supplies of goods in FORM GSTR-8.

Where multiple ECOs are involved in a single supply of goods through ECO platform, "the ECO" shall mean the ECO who finally releases the payment to the said person for the said supply made by the said person through him.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1009819/ENG/Notifications>

NOTIFICATION NO. 38/2023-CENTRAL TAX DATED 4TH AUGUST, 2023

This notification seeks to make amendments (Second Amendment, 2023) to the CGST Rules, 2017.

The changes include specifying revised time period for furnishing bank details after GST registration on the common portal, extending time for filing application for revocation of cancellation of registration to 90 days, uploading verification report of physical verification of business premises within 15 days on portal and providing manner of dealing with difference in ITC, etc.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1009820/ENG/Notifications>

NOTIFICATION NO. 39/2023-CENTRAL TAX DATED 17TH AUGUST, 2023

This notification seeks to amend Notification No. 02/2017-Central Tax dated 19.06.2017 in order to widen territorial jurisdiction of Principal Commissioner/Commissioner of Central Tax for the cities of Guntur, Tirupati and Vishakhapatnam in the State of Andhra Pradesh with retrospective effect from 04.04.2022.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1009829/ENG/Notifications>

NOTIFICATION NO. 40/2023-CENTRAL TAX DATED 17TH AUGUST, 2023

This notification seeks to appoint common adjudicating authority in respect of show cause notice issued in favour of M/s United Spirits Ltd.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1009830/ENG/Notifications>

NOTIFICATION NO. 41/2023-CENTRAL TAX DATED 25TH AUGUST, 2023

This notification seeks to extend the due date for furnishing FORM GSTR-1 for the month of April, May, June and July, 2023 for registered persons whose principal place of business is in the State of Manipur from 31st July 2023 to 25th August 2023.

Source: <https://taxinformation.cbic.gov.in/view-pdf/1009834/ENG/Notifications>

NOTIFICATION NO. 42/2023-CENTRAL TAX DATED 25TH AUGUST, 2023

This notification seeks to extend the due date for furnishing FORM GSTR-3B for the month of April, May, June and July, 2023 for registered persons whose principal place of business is in the State of Manipur from 31st July 2023 to 25th August 2023.

Source:<https://taxinformation.cbic.gov.in/view-pdf/1009835/ENG/Notifications>

NOTIFICATION NO. 43/2023-CENTRAL TAX DATED 25TH AUGUST, 2023

This notification seeks to extend the due date for furnishing FORM GSTR-3B for quarter ending June, 2023 for registered persons whose principal place of business is in the State of Manipur from 31st July 2023 to 25th August 2023.

Source:<https://taxinformation.cbic.gov.in/view-pdf/1009836/ENG/Notifications>

NOTIFICATION NO. 44/2023-CENTRAL TAX DATED 25TH AUGUST, 2023

This notification seeks to extend the due date for furnishing FORM GSTR-7 for the month of April, May, June and July, 2023 for registered persons whose principal place of business is in the State of Manipur from 31st July 2023 to 25th August 2023.

Source:<https://taxinformation.cbic.gov.in/view-pdf/1009837/ENG/Notifications>

CIRCULARS

CIRCULAR NO 200/12/2023-GST DATED 1ST AUGUST, 2023

Clarification regarding GST rates and classification of certain goods based on the recommendations of the GST Council in its 50th meeting held on 11th July, 2023.

1. **Applicability of GST on un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion:**

Supply of un-cooked/un-fried extruded snack pellets, by whatever name called, will attract GST rate of 5% w.e.f. 27th July, 2023. Extruded snack pellets in ready-to-eat form will continue to attract 18% GST.

Further, in view of the prevailing genuine doubts regarding the applicability of GST rate on the un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion, the issue for past period upto 27.7.2023 is regularized on "as is" basis.

2. **Applicability of GST on Fish Soluble Paste:**

GST rate on fish soluble paste has been reduced from 18% to 5% and payment of GST on fish soluble paste during the past period (upto 27th July, 2023) is regularized on "as is basis".

3. **Desiccated coconut-Regularisation of the issue for past period from 01.07.2017 up to and inclusive of 27.07.2017:**

In view of the prevailing genuine interpretational issues regarding the applicability of GST rate on the desiccated coconut, falling under CTH 0801, the issue for past period from 01.07.2017 up to and inclusive of 27.07.2017 is regularized on "as is" basis.

4. **Biomass briquettes-Regularisation of the issue for past period from 01.07.2017 up to and inclusive of 12.10.2017:**

In view of the prevailing genuine interpretational issues regarding the applicability of GST rate on the Biomass briquettes, falling under any chapter, the issue for past period from 01.07.2017 up to and inclusive of 12.10.2017 is hereby regularized on "as is" basis.

5. **Supply of raw cotton by agriculturist to cooperatives:**

It is clarified that supply of raw cotton, including kala cotton, from agriculturists to cooperatives is a taxable supply and such supply of raw cotton by agriculturist to the cooperatives (being a registered person) attracts 5% GST on reverse charge basis under notification no. 43/2017-Central Tax (Rate) dated 14th November, 2017.

The issue for the past periods prior to issue of this clarification is regularized on "as is basis".

6. **GST rate on Imitation Zari thread or yarn known by any name in trade parlance:**

GST on imitation zari thread or yarn known by any name in trade parlance has been reduced from 12% to 5% with effect from 27th July, 2023.

In view of the confusion in the trade regarding the applicability of GST rate on these products, the issue for past period upto 27.7.2023 is hereby regularized on "as is" basis.

7. **Plates, cups made from areca leaves:**

Issues relating to GST on plates and cups made from areca leaves are regularized on "as is basis" for the period prior to 01.10.2019.

8. GST rate on goods falling under HSN 9021:

It is clarified that GST rate on all goods like trauma, spine and arthroplasty implants falling under heading 9021 would attract a GST rate of 5% and in view of prevailing genuine doubts, the issue for the past periods is hereby regularized on “as is basis”.

It is further clarified that no refunds will be granted where GST has already been paid in any of the above cases.

For more details, please refer <https://taxinformation.cbic.gov.in/view-pdf/1003174/ENG/Circulars>

CIRCULAR NO 201/13/2023-GST DATED 1ST AUGUST, 2023

Clarifications regarding applicability of GST on certain services.

Whether services supplied by director of a company in his personal capacity such as renting of immovable property to the company or body corporate are subject to Reverse Charge mechanism (RCM):

It is hereby clarified that services supplied by a director of a company or body corporate to the company or body corporate in his private or personal capacity such as services supplied by way of renting of immovable property to the company or body corporate are not taxable under RCM. Only those services supplied by director of company or body corporate, which are supplied by him as or in the capacity of director of that company or body corporate shall be taxable under RCM in the hands of the company or body corporate under notification No. 13/2017-CTR (Sl. No. 6) dated 28.06.2017.

Whether supply of food or beverages in cinema hall is taxable as restaurant service at the rate of 5% or not:

As per Explanation at Para 4 (xxxii) to notification No. 11/2017-CTR dated 28.06.2017 “Restaurant Service” means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied.”

Eating joint is a wide term which includes refreshment or eating stalls/ kiosks/ counters or restaurant at a cinema also.

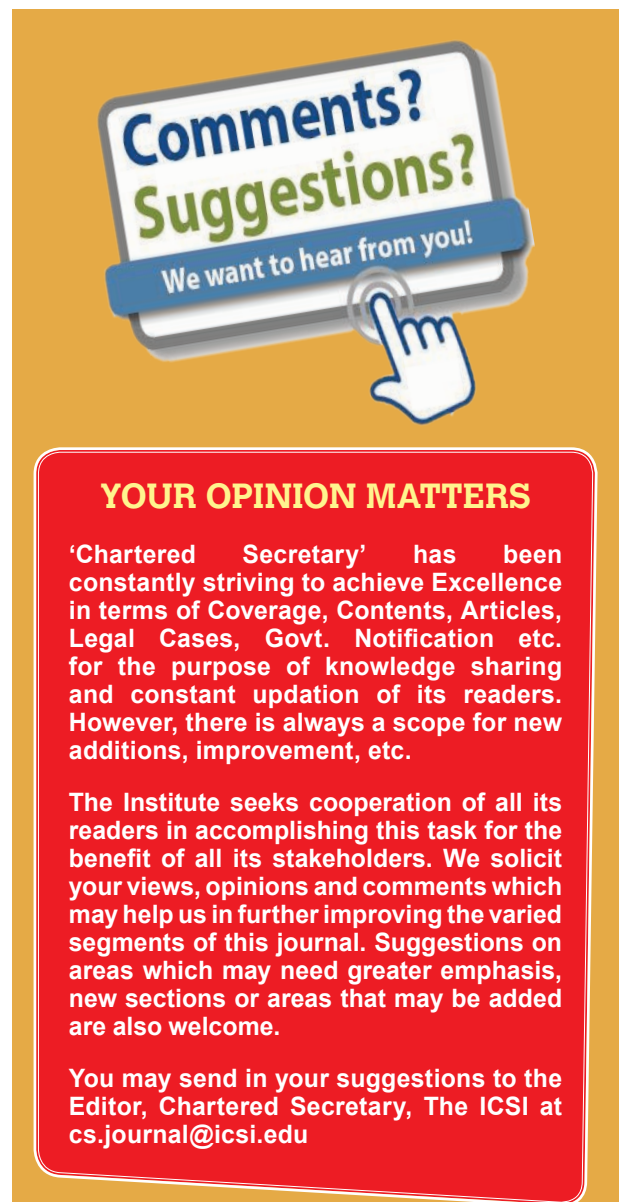
The cinema operator may run these refreshment or eating stalls/ kiosks/ counters or restaurant themselves or they may give it on contract to a third party. The customer may like to avail the services or not. Further, the cinema operator can also install vending machines, or supply any other recreational service such as through coin-operated machines etc. which a customer may avail or not.

It is hereby clarified that supply of food or beverages in a cinema hall is taxable as ‘restaurant service’ as long as:

- The food or beverages are supplied by way of or as part of a service and
- Supplied independent of the cinema exhibition service.

It is further clarified that where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

For more details, please refer <https://taxinformation.cbic.gov.in/view-pdf/1003175/ENG/Circulars>



**Comments?
Suggestions?**
We want to hear from you!

YOUR OPINION MATTERS

‘Chartered Secretary’ has been constantly striving to achieve Excellence in terms of Coverage, Contents, Articles, Legal Cases, Govt. Notification etc. for the purpose of knowledge sharing and constant updation of its readers. However, there is always a scope for new additions, improvement, etc.

The Institute seeks cooperation of all its readers in accomplishing this task for the benefit of all its stakeholders. We solicit your views, opinions and comments which may help us in further improving the varied segments of this journal. Suggestions on areas which may need greater emphasis, new sections or areas that may be added are also welcome.

You may send in your suggestions to the Editor, Chartered Secretary, The ICSI at cs.journal@icsi.edu

Other Misconduct By The Members Under Part III of The Second Schedule to The Company Secretaries Act, 1980

The Council by notification has established the Disciplinary Directorate under section 21 of the Company Secretaries Act, 1980, headed by the Director (Discipline) and such other employees for making investigations in respect of any information or complaint received by it. In order to make investigations under the provisions of the Act, the Disciplinary Directorate shall follow such procedure as may be specified under the Company Secretaries (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

As per Section 22 of the Company Secretaries Act, 1980, the expression “*professional and other misconduct*” in relation to Company Secretaries shall be deemed to include any act or omission provided in any of the Schedules i.e. First and Second Schedule to the Company Secretaries Act, 1980, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of Section 21 of the Company Secretaries Act, 1980 to inquire into the conduct of any member of the Institute under any other circumstances.

Other misconduct in relation to members of the Institute generally, given under Part III of the Second Schedule to the Company Secretaries Act, 1980 is given under: -

“A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term exceeding six months.”

CASE STUDY 1

1. A complaint of professional misconduct has been filed against a Company Secretary in Practice. The Complainant stated that one company appointed the Respondent as Secretary of the company and the Respondent has violated the provisions of Companies Act, 2013 and the Rules particularly Section 85 and Secretarial Standards. The Respondent is well conversed with law and had filed the annual balance sheet along with Form MGT-7 of the year 2016, 2017, 2018 and 2019 of the company wherein, certificate by practicing professional has also been attached and all compliances has been done by Respondent.
2. The Complainant has alleged that the Respondent has intentionally manipulated the records of the company by mentioning purported figures and false information in balance sheet relevant to financial



year 2019-20. The Complainant stated that after pondering over the documents at the AGM, the Board of directors meeting, it can be seen that no meeting was attended by the complainant as a director of the company but the record which is appended with the balance sheet in mandatory columns is clearly mentioning that the complainant had attended all meetings i.e. seven meetings during the said year. In addition to this, the attendance of the complainant was purportedly shown for appearance in Annual General Meeting. The Respondent has manipulated, fabricated, and executed various documents and crux of the business corporate information which is clearly reflecting in balance sheet of the company. Further, on Annual General Meeting, the attendance of complainant is wrongly shown as director by Respondent. The Respondent guided the culprit in managing the affairs of the company and intentionally misplaced all the mandatory documents of the company after a dispute. The Respondent without fulfilling the mandatory compliance, without any communication of document either via post, e-mail or courier has eliminated the name of the Complainant from the directorship of the company by submission of cessation qua to the Complainant which was submitted before ROC. The Annual General Meeting was conducted by the company where the attendance of the Complainant was shown in the meeting. The Respondent was intentionally silent on filing DIR-12 for cessation of

the complainant. The Complainant has stated that in the balance sheet of the company for the year 2018-19 one figure of unsecured loan is purportedly showing as loan from director but specific name is missing. On one hand the Complainant eliminated from the directorship of the company in April, 2019 and on the other hand loan from director is shown which is not true. The unsecured loan shown by the director in Form MGT-7 without any document.

3. The Respondent stated that the complainant failed to realize that the Respondent is Company Secretary in whole-time practice and not in employment of the company. The Respondent denied the entire allegations of the complaint and stated that it is not the part of his duty to certify contents of the Balance Sheet filed by the company. The Respondent stated that it is the responsibility of the Company and its directors for the compliance of Secretarial Standards. The Respondent further stated that on observation, it was found that the filing of e-form DIR-12 was mandated as the complainant ceased to be director because of his disqualification under section 164(2) of the Companies Act, 2013. The disqualification of the complainant was on account of non-filing of statutory returns with MCA for other companies.
4. The Complainant has stated that earlier he was relying that the Respondent is full-time employee of the company but the professional is duty bound to maintain law and compliances of the company. The Complainant further stated that the Respondent also manipulated the shareholding in connivance with director of the company and cheated the complainant. The Complainant has stated that his disqualification was stayed by the Hon'ble High Court, which is an admitted fact and the same was duly informed to the company/board and evidently they are not even countered or rebutted the said fact.
5. The Respondent has stated that the company has reported revenue from operations of Rs. 0.68 Crores in its audited balance sheet as on 31st March 2017 accordingly, the turnover was mentioned as 100%. The Respondent submitted that while filing of e-form, there was no option for selecting hydro power generation in the dropdown code was available. The Respondent further submitted that the number of meetings mentioned in the Directors report for the year end 31st March, 2018 of the company must have been due to typographic error only. The Respondent has submitted that the Complainant attended the annual general meeting as a member and not as a director. The Respondent has submitted that he has exercised proper due diligence before certification of the forms of the company. The Respondent has submitted that the Complainant has not produced any evidence in support of allegations. The Respondent submitted that turnover of the company mentioned NIL in MGT-9 and director's report for the financial year ended 2016-17 of the company is a typographical error and it is not *malafide*. The Respondent further submitted that in the Director's Report of the financial year ended 2016-17 year indicates 'Number of meetings attended by the complainant' as '1/7' in place of '7/7' is again a typographical error and it is not *malafide*. The Respondent further stated that the attendance of the Complainant's has shown in the annual general meeting of the company as a member and not as a director as the Complainant held 32.32% shares in the company.
6. The Disciplinary Committee was of the view that the Respondent has certified e-Form MGT-7 for the financial year ended 2016-17, 2017-18 and 2018-19 of the company in which, it has been observed that in the e-Form MGT-7 for the year ended 2017, the Respondent mentioned '% of turnover of the company' as '100' while in form MGT-9 signed by the company and attached to director's report indicate that the '% of turnover of the company' as 'NIL'. Also, the Respondent mentioned the 'Description of business activity' as 'Electric power generation, transmission and distribution' instead of 'hydroelectric power generation' as mentioned by the company in Form MGT-9 of its Director's Report. It is also observed that in Form MGT-7 for the year ended 2018, the Respondent mentioned 'Number of meetings attended by the complainant' as '7/7', while the Director's Report of the said year indicates 'Number of meetings attended by the complainant' as '1/7'. It is further observed that, in Form MGT-7 for the year ended 2019, the Respondent marked the presence of the complainant in attendance of AGM despite knowing the fact that the company had already filed cessation of the complainant in Form DIR-12 before ROC and his office vacated. The Disciplinary Committee also observed from the available records, that the Director's Report and balance sheet for the year ended 2019 was signed in the month of August of the respective financial years which is much after the verification of records done by the Respondent. This indicates that the Respondent has not gone through the audited records properly before certification of form.
7. The Disciplinary Committee held the Respondent 'Guilty' of professional misconduct under clause (7) Part I of Second Schedule to the Company Secretaries Act, 1980 for not exercising due diligence. The Disciplinary Committee passed an order of 'Reprimand' against the Respondent.

BRSR Core

SEBI vide Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021 had prescribed the Business Responsibility and Sustainability Report (BRSR) which was subsequently incorporated in the Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023.

Based on the recommendations of the ESG Advisory Committee and pursuant to public consultation, the Board decided to introduce the BRSR Core for assurance by listed entities. The Board further decided to introduce disclosures and assurance for the value chain of listed entities, as per the BRSR Core.

The provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”)

in this regard, have been amended vide Gazette notification no. SEBI/LAD-NRO/GN/2023/131 dated June 14, 2023.

The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs) / metrics under 9 ESG attributes. Keeping in view the relevance to the Indian / Emerging market context, few new KPIs have been identified for assurance such as job creation in small towns, open-ness of business, gross wages paid to women etc. Further, for better global comparability intensity ratios based on revenue adjusted for Purchasing Power Parity (PPP) have been included.

Example of KPIs under BRSR Core and cross-reference to the BRSR.

Sr. No.	ESG attribute	Parameter	Cross-reference to the BRSR
1.	Green-house gas (GHG) footprint <i>Greenhouse gas emissions may be measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i>	Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Principle 6, Question 7 of Essential Indicators
		Total Scope 2 emissions (Break-up of the GHG (CO ₂ e) into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Principle 6, Question 7 of Essential Indicators
		GHG Emission Intensity (Scope 1 +2)	Principle 6, Question 7 of Essential Indicators
2	Water footprint	Total water consumption	Principle 6, Question 3 of Essential Indicators
		Water consumption intensity	Principle 6, Question 3 of Essential Indicators
		Water Discharge by destination and levels of Treatment	Principle 6, Question 4 of Essential Indicators
3	Energy footprint	Total energy consumed <i>% of energy consumed from renewable sources</i>	Principle 6, Question 1 of Essential Indicators
		Energy intensity	Principle 6, Question 1 of Essential Indicators
4	Embracing circularity – details related to waste management by the entity	Specified types of waste – plastic, e-waste, bio-medical, construction and demolition, battery, radioactive, other hazardous waste generated	Principle 6, Question 9 of Essential Indicators
		Total waste generated	Principle 6, Question 9 of Essential Indicators
		Waste intensity	Principle 6, Question 9 of Essential Indicators
		Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations	Principle 6, Question 9 of Essential Indicators
		For each category of waste generated, total waste disposed by nature of disposal method	Principle 6, Question 9 of Essential Indicators

5	Enhancing Employee Wellbeing and Safety	Spending on measures towards wellbeing of employees and workers – cost incurred as a % of total revenue of the company	Principle 3, Question 1(c) of Essential Indicators
		Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company’s construction sites)	Principle 3, Question 11 of Essential Indicators
6	Enabling Gender Diversity in Business	Complaints on POSH (sexual harassment)	Principle 5, Question 7 of Essential Indicators
		Gross wages paid to females as % of wages paid	Principle 5, Question 3(b) of Essential Indicators
7	Enabling Inclusive Development	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/ small producers and from within India	Principle 8, Question 4 of Essential Indicators
		Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent / on contract) as % of total wage cost	Principle 8, Question 5 of Essential Indicators
8	Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events	Principle 9, Question 7 of Essential Indicators
		Number of days of accounts payable	Principle 1, Question 8 of Essential Indicators
9	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	Principle 1, Question 9 of Essential Indicators

Note: For complete information on attributes, parameters, measurement, data & assurance approach, and cross-reference to the BRSR report, please refer: https://www.sebi.gov.in/sebi_data/commondocs/jul-2023/Annexure_1-Format-of-BRSR-Core_p.pdf

COMPLIANCE TIMELINE FOR BRSR CORE

In its circular issued July 12, 2023 (SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122), the following timeline was provided by SEBI where the BRSR Core compliance will become mandatory for listed entities.

Financial year	Applicability of BRSR Core to top listed entities (by market capitalization)
2023-24	Top 150 listed entities
2024-25	Top 250 listed entities
2025-26	Top 500 listed entities
2026-27	Top 1000 listed entities

Consequently, SEBI mandates the top 150 listed companies in India by market capitalization to provide “reasonable assurance” on Environmental, Social, and Governance (ESG) metrics starting FY 2023-24.

REFERENCES:

- https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html
- <https://www.india-briefing.com/news/india-brsr-core-esg-rating-provider-regulation-29062.html/>

7

BEYOND GOVERNANCE

Case Study

In order to make the Chartered Secretary Journal (CSJ) more interactive for the members and students, the Case Study section has been introduced from April issue. Each Case Study is followed by question(s) which are to be solved by member(s)/student(s). The answer(s) are to be sent to cs.journal@icsi.edu latest by 25th of each month.

The answer(s) will be reviewed by a Panel of reviewer(s). The winner will be given:

- (i) Certificate of Appreciation.
- (ii) His/Her name will be published in the next issue of the Journal.
- (iii) He/She will be awarded cash award of ₹ 2,500.

Crossword

A new section 'Crossword' containing terminologies/concepts from Companies Act, IBC, NCLT and such related areas of profession is introduced. Members/ students are to send the answers of Crossword to cs.journal@icsi.edu latest by 25th of each month.

- The answer(s) will be published in the next issue of CSJ.
- The winners will be selected randomly.
- The name of three winners will be published in the next issue of CSJ.



Brief Introduction of the company: There is a group which laid down its foundation in the mid-1990's and has accorded a meteoric rise in its share prices over last decade. News is overloaded with appreciation of a first generation entrepreneur's success. This is a leading group of 10 listed companies in India along with overseas companies, foreign projects, infrastructural projects, trusts etc. Gradually, newspapers, magazines, regulatory authorities and other investigating agencies were after the success mantra behind the miraculous overnight success of the first generation promoter of the company. The major wealth of the group comprises meteoric appreciation of its stock prices. The group is basically into huge infrastructure projects of the company it grabbed under the "PPE" model from the government. Infrastructure firms are generally relatively sleepy, low growth, low multiple enterprises, yet valuation metrics of the group listed companies are comparable to the frothiest of high-growth tech companies.

Issues

- (i) The company has invested in a controversial foreign project i.e. a mining for coal extraction which seems to be a source of huge profits but not in consonance with the broader concepts of global shift towards cleaner sources of energy. This coal extraction project has generated significant scrutiny from NGOs, the media, and investors. Their concerns aren't isolated to the impact of extraction and emissions: most of the output is slated for export, through planned routes, raising significant concerns about potential damage to the surrounding fragile ecosystem. Financial Institutions have withdrawn from financing the mine, and investors have registered their concerns with the banks over its involvement in funding the Mine project. The bank also faced pressure from asset managers, which threatened to remove the bank's green bonds from its Planet Emerging Green One Fund. Similarly, multiple contractors, have stepped away from the project, largely as a result of public and investor outcry. In addition, the contractors that remain involved are having trouble obtaining insurance coverage for their work on the project. The company is not a stranger to environmental controversy. Over the past decade, the group has been the subject of concerns regarding a coal and oil spill along the coast of Mumbai and large-scale environmental destruction and contamination in

India's Gujarat province. The company has vested charge of the project in the hands of a CEO who, previously served as Director of Operations for a Copper Mines, charged with massively polluting a river that serves as a source of water and food for about majority of Zakian people.

Justify the reason behind such a stringent retaliation behind the coal extraction project of the group despite the potential of generating huge figures of profit.

- (ii) Moreover, the group's risk profile extends beyond environmental impact. The major wealth of the group comprises of meteoric appreciation of its stock prices out of which 83.33% is credited in just last 3 years. The stock has accorded 800% growth while listed companies of the group are 85%+ downside purely on fundamentals. Multiple listed entities in the group are highly leveraged relative to industry averages, current ratio of the listed companies is less than one and the companies' promoter group have pledged portions of their equity as collateral for loans. Some of the group listed companies have negative free cash flows. 8 out of 22 Board members are family members of the group leading to concentration of power and a risk for investors. The insiders of the company revealed that group basically runs as a family business. Key decision making vests only in Family Board Members and maximum permissible shareholding is with only one promoter. The company elevated one of its family member charged under PMLA to Managing Director of a group company. The Group has been the focus of multiple government investigations alleging corruption, money laundering, theft of taxpayer funds and siphoning from listed companies approximately in twin figures in billions.

SEBI has started investigation into the company regarding the shareholding and beneficial ownership for the purpose whether the listed companies of the group are eligible for listing. It is suspected that public shareholdings are not exactly held by public shareholders but by overseas shell companies and FPI's which are involved in no other business except investing the promoter's funds in listed companies of the group. It has been a long standing suspicion of SEBI that some of the public shareholders are not truly public shareholders and they could be fronts for the promoter of these companies. The ownership structure of these FPI's is opaque i.e. not clear and owes their origin to Mauritius, and they have invested almost 100% of their funds in scrips of listed companies of the group. The basic information about these FPIs i.e. website, employees, investor details are not available. They have capital in billions but nothing available in public domain. The majority of them are suspected to be related to promoters. FPIs have been a source of artificially rigging the prices of shares the companies. SEBI has highlighted 13 suspected related party transactions. *It siphons off its funds to offshore and through overseas shell*

companies reinvest in own companies same funds in India.

A global investigating agency published in its report that it has uncovered a trail of financial transactions to show that the Group promoters indulged in share price manipulation of at least four group company stocks via undisclosed related entities.

Though on papers SEBI Regulations have been complied with but is only paper compliance sufficient for the spirit behind the governance. Upon receipt of such report regarding company in public domain,

shares of the company plummeted badly. What could be the reason behind the withdrawal of investors from the company immediately at the time when stock prices are skyrocketing?

Winner of Case Study – August 2023

CS Poonam Jain

ACS-27402



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Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
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Statutory body under an Act of Parliament
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BEST ANSWER CASE STUDY AUGUST 2023

Q1. Whether on the basis of the objections raised by the Regional Director, Ministry of Corporate Affairs, pointing out various lapses in the past on the part of the petitioner companies, the application for sanction of amalgamation can be rejected by NCLT?

Answer:- Yes, on the basis of the objections raised by the Regional Director, Ministry of Corporate Affairs, pointing out various lapses in the past on the part of the petitioner companies, the application for sanction of amalgamation can be rejected by NCLT.

In the given case study, an appeal was preferred before NCLAT, as an 'Aggrieved Persons', by **XYZ Private Limited** ("Transferor Company") and **PQR Private Limited** ("Transferee Company") in respect of the 'impugned order' dated **10.03.2022**, dismissing the 'Applications' filed for sanctioning scheme of amalgamation and merger (Filed under Section 391 – 394 of the Companies Act, 1956), by the 'Appellants / Petitioners' (Transferor and Transferee Company), passed by the 'National Company Law Tribunal', Bench.

NCLT Bench on the basis of following objections of **Regional Director** dismissed the application for sanctioning scheme of amalgamation and merger (Filed under Section 391 – 394 of the Companies Act, 1956), which are mentioned below *in seriatim*:-

- i. That the Companies have violated Section 74(1)(b) of the Companies Act, 2013 by retaining amounts of Rs.17,50,000/- accepted from Sri Mishan, a Director of the transferor company during the year 2014-15 as also Rs.15,00,000/- from Sri Ika, another Director of the transferor company during the year 2015-16.
- ii. Non disclosure of acceptance of deposits in the Board Report for 2014-15 and 2015-16 thereby violating the provisions of Section 73 of the Companies Act, 2013.
- iii. Violation of the new provisions of Sections 73 to 76A prohibiting the private limited companies from accepting or renewing any deposits from shareholders in excess of the aggregate of the paid up capital, free reserves and securities premium amount.
- iv. The transferor company has not uploaded the Notes forming part of the accounts in the MCA portal from 31.3.2014 to 31.3.2019.'
- v. The 1st Appellant /(Transferor Company), in the year 2013-14, had accepted 'numerous Deposits', from as many as '100 Members', (including the Directors), and that '37 Members', out of 100, were 'existing', as on 12.09.2013, the date prior to the 'Notification' of the Companies Act, 2013, which permitted the 'Private Companies', to 'increase the Limit', on the 'number of Members', from 50 to 200. As a matter of fact, the '1st Appellant / (Transferor Company)',

had shown in their record, that 63 more persons, from whom the 'Deposits', were 'accepted', became 'Members', from 13.09.2013 to 31.03.2014. Indeed, the '1st Appellant' / 'Transferor Company', had manipulated the 'records', to reflect that the 'Sum' received from these '63 persons', as amount received from the 'Members', with a view to 'escape', from the 'breach of the ingredients of Section 58A of the Companies Act, 1956'.

- vi. The 1st Appellant / (Transferor Company), had filed two (2) PAS-3 forms on 26.08.2014 for allotments made on 27.03.2014 and 29.03.2014, each containing 49 new shareholders with a considerable delay, as seen from the 'records', on verification. In both instances, the 'Number of Shareholders' involved was 49', and it was the 'methodology' of the '1st Appellant / Company', to first 'accept' the 'monies' from 'outside parties', as 'Unsecured Loans', and later, having realised the 'nonadherence of Section 58A of the Companies Act, 1956', these 'two allotments', were made to 'circumvent' the provisions.
- vii. The said amount collected from the shareholders have been retained by the Transferor company without replaying them over a period of three years under Section 74 of the Act on the due dates as per the terms of acceptance, which is violation of Section 74(1)(b) of the Companies Act. The transferor company accepted deposits from outside parties, which was not disclosed in the Balance Sheet as on 31.3.2016 but misleading facts were stated that it was received from parties stating it as Long Term Borrowings.
- viii. The amount outstanding unsecured loans / deposits is over Rs. 14 crores as compared to share capital of around Rs. 2.5 crores is violation of Section 448 of the Companies Act.
- ix. Similar violations were committed by the Transferee Company also.

However the Companies (Appellant) argued that the 'Scheme of Amalgamation', had set out the major benefits flowing from the 'proposed Amalgamation', and *inter alia*, it has been clearly explained that the 'Scheme of Amalgamation', is proposed for the better, efficient and economic management, control and running of their business, achieve synergies in business activities, attaining economies of scale, for further development and growth of the business of the 'Transferee Company' and to avoid and eliminate unnecessary duplication of the 'Transferee Company' and distribution, etc., and for administrative convenience.

The appellant also, *inter alia*, argued that the Companies are not facing any 'investigation' or 'winding up proceedings'. In fact, both the Companies have filed their

'Income Tax Returns', 'Statutory Returns', and there is no 'Default', in this regard and both the Companies are closely held 'Private Companies', and they are 'Operating', 'Functional', and have 'Valuable Physical Assets', 'Human Resources' and 'Valuable Licences', to run their Hotels and Restaurants, and presented the following:-

- a) That NCLT (**Tribunal**), had failed to 'appreciate', that the 'Scheme' was 'Approved', by the 'Shareholders', 'Secured Creditors' and 'Unsecured Creditors' of both the Companies, and that the 'Notice' of the 'Meetings', as well as the 'Petitions', were published in newspapers having wide circulation.
- b) The 'Tribunal', had failed to 'appreciate' the ambit of its jurisdiction, under Section 230 & 232 of the Companies Act, 2013.
- c) Just because, there is an 'allegation of commission of an offence', against the provisions of the Companies Act, 2013, the 'Scheme of Arrangement', is not to be 'rejected'.

Supporting case: - In **Hotel City Plaza Pvt. Ltd. Vs. Union of India**, Appeal No.: Company Appeal (AT) (CH) No.28 of 2021 (**Arising out of the Order dated 05.02.2021 in TCAA/4/KOB/2019 & TCAA/5/KOB/2019, passed by the NCLT, Kochi Bench**) similar situation was dealt with. In this case an appeal was filed before the tribunal against the order passed by The 'National Company Law Tribunal', Kochi Bench for dismissing the application seeking sanctioning of scheme of Amalgamation in case no. TCAA/4/KOB/2019 & TCAA/5/KOB/2019 and **Reasons considered by NCLT bench for dismissing the case are following:** -

- On the basis of objections raised by the Regional Director, Ministry of Corporate Affairs, pointing out various lapses on the part of the petitioner companies, reference was made to the case of **UFO Moviez India Limited and another - C.P. (CAA) No./1920/MB/2018 in C.A. (CAA) No. 120 OF 2018**, wherein even though the facts are different, the question whether based on the report of the Regional Director, the relief for sanction of amalgamation can be rejected has been answered. In which, the Mumbai Bench in that case held as under: -

"It is not that this Bench is against any business combinations, mergers or any proposition that would make the investors, promoters and shareholders more and more profitable. In fact, we welcome it. But at the same time, one must be humble and serious enough to abide by law and any business proposal must be planned in such a manner that no law, logic and rights of any person are violated. There may be some repetitions which we are conscious of but the same is done to emphasize on various viewpoints differently. In the present case on hand, the Petitioners, underestimating the prudence and ability of the system, made an intelligent attempt to test the depth of the water by flouting various laws, but unfortunately they tested the depth with both the legs and the result is that the Scheme gets doomed for their own misadventure.

Therefore, we hereby dismiss the Company Petition. There shall be no order as to costs."

- Further from the report of the Registrar of Companies, it has been found that the companies have violated the provisions of the Companies Act and the petitioners **TCAA/4&5/KOB/2019** could not successfully controvert the objections raised by the Regional Director. They have not followed most of the provisions of the Companies Act, which are mandatory for continuance of a company honestly. They must be humble and serious enough to abide the law and any business proposal must be planned in such a manner that no law, logic and rights of any person are violated. Hence this Tribunal is of the opinion that this is not a fit case to sanction the Scheme of Amalgamation. Hence the **TCAA/4/KOB/2019 & TCAA/5/KOB/2019** stand dismissed.

In consideration of above, it can be concluded that on the basis of the objections raised by the Regional Director, the application for sanction of amalgamation can be rejected by NCLT.

Q2. Whether the 'Tribunal', had failed to 'appreciate' the ambit of its jurisdiction, under Section 230 & 232 of the Companies Act, 2013 while rejecting the scheme of amalgamation?

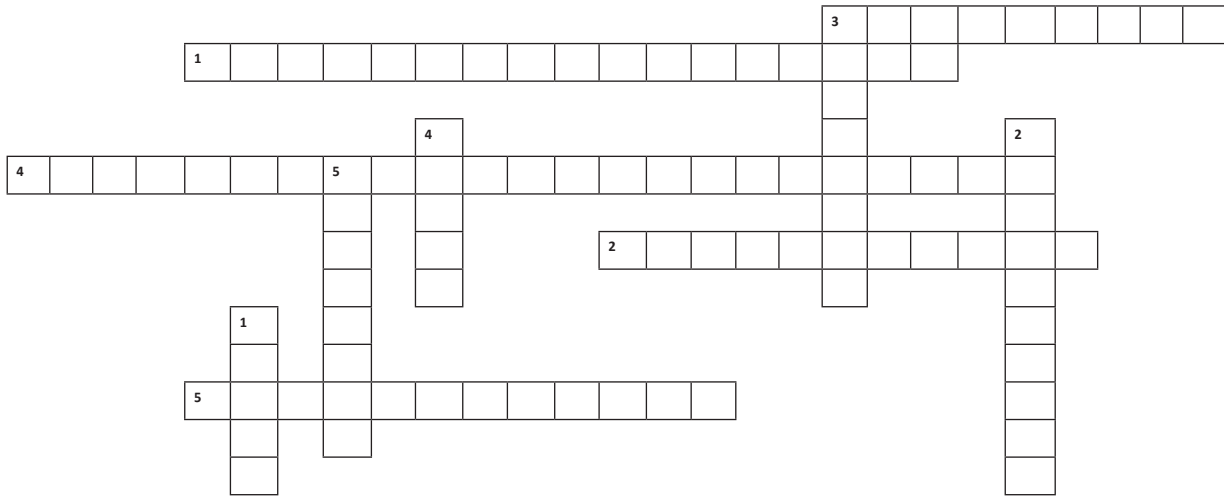
Answer: - In the given case study the appellants argued that the 'Tribunal', had failed to 'appreciate', that the 'Scheme' was 'Approved', by the 'Shareholders', 'Secured Creditors' and 'Unsecured Creditors' of both the Companies, and that the 'Notice' of the 'Meetings', as well as the 'Petitions', were published in newspapers having wide circulation and the 'Tribunal', had failed to 'appreciate' the ambit of its jurisdiction, under Section 230 & 232 of the Companies Act, 2013. Just because, there is an 'allegation of commission of an offence', against the provisions of the Companies Act, 2013, the 'Scheme of Arrangement', is not to be 'rejected'.

Now for considering the ambit of jurisdiction of NCLT reference is required to be made to case as cited above i.e. **Hotel City Plaza Pvt. Ltd. Vs. Union of India**, Appeal No.: Company Appeal (AT) (CH) No. 28 of 2021 wherein it was held that Section 230 of the Companies Act, 2013, deals with 'Power to Compromise' or make 'Arrangements' with the 'Creditors' and the 'Members', and the said Section is wide enough to include any reasonable 'Compromise' or 'Arrangement'. The word 'Arrangement', has wider meaning, than the term 'Compromise'.

Further reference was made to the decision in **Travancore National v. Quilon Bank**, in Re., reported in (1939) 9 Comp Cas 14 Mad., wherein it is observed that the use of word 'may', in the Section denotes, that the 'Court' (now 'Tribunal'), has to exercise its 'Discretion', in making an 'Order', when the 'Scheme, before it for 'Sanction', after its 'Approval', by the 'majority of the Creditors'.

CROSSWORD PUZZLE – COMPANY LAW

SEPTEMBER 2023



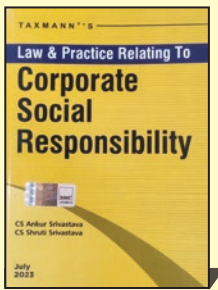
ACROSS

- Under Companies Act, 2013 registers or copies of return may also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved by a _____ passed at a general meeting of the company.
- Under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 when a request is received by the liquidator from members, individually or collectively, having at least _____ percent of the total voting rights, the liquidator shall mandatorily convene the meeting.
- _____ is required to file if CIRP is not completed by T+180th day.
- An insolvency professional shall disclose its relationship, if any, with prospective resolution applicants (PRAs) to the insolvency professional agency of which he is a member, within three days of supply of _____ to PRAs.
- A creditor may appeal to the Adjudicating Authority against the decision of the liquidator accepting or rejecting the claims within _____ of the receipt of such decision.

DOWNWARDS

- Under Section 105 of Companies Act, 2013, a _____ shall not have the right to speak at such meeting and shall not be entitled to vote except on a poll.
- Under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 The liquidator shall distribute the proceeds from realization within _____ from the receipt of the amount to the stakeholders.
- Under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, a meeting of the committee shall be called by giving not less than _____ notice in writing to every participant, at the address it has provided to the interim resolution professional or the resolution professional, as the case may be.
- Where the insolvency professional is an insolvency professional entity, it shall pay to the Board, a fee calculated at the rate of one per cent. of professional fee earned for the services rendered as an insolvency professional in the preceding financial year on or before the 30th day of April every year, along with a statement in _____ of the Second Schedule.
- Under Insolvency and Bankruptcy Code, 2016, in an application for avoiding a transaction at undervalue, the liquidator or the resolution professional, as the case may be, shall demonstrate that such transaction was made with a related party within the period of _____ preceding the insolvency commencement date.

LAW AND PRACTICE RELATING TO CSR



Publisher : Taxmann Publications P Ltd

Authored by

CS Ankur Srivatsava

CS Shruti Srivatsava

Foreword by CS Manish Gupta, President ICSI

The present edition of the book is the latest updated one on Corporate Social Responsibility (CSR) which is indeed a comprehensive book covering the entire aspects of CSR.

The present edition has been coordinated into 19 Chapters along with 5 Appendices.

It is a well-known fact that the concept of CSR was not new to India: It was very much present in the society, albeit as philanthropy. Over the past, today's CSR used to be referred to as corporate conscience, corporate citizenship or corporate sustainability. Historically it has been based on principles of equity and trust whereby business houses were regarded as trustees of the resources in varied forms that they drew from society and thereby they were expected to return the same to the society. It's true that the success of the corporate houses to a larger extent, depend on their contribution to the society and the positive image/impact on the society.

The Ministry of Corporate Affairs (MCA) had issued Voluntary Guidelines on CSR during 2009. These were subsequently refined as National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business in 2011. Thereafter, CSR related provisions were introduced under the Companies Act, 2013 and the CSR Rules came in to force from 1st April 2014.

The Ministry of Corporate Affairs had issued clarifications including FAQs from time to time on various issues concerning CSR. Since its inception, a number of significant developments have undergone in the CSR legislative framework. The Ministry notified various amendments in Section 135 of the Companies Act, 2013 as well as in the CSR Rules so as to strengthen the CSR ecosystem, by improving disclosures and by simplifying compliances.

During the past few years, there were many amendments and the Government has inclined towards mandatory compliance in order to realize the objectives of this legislation which is directly aligned with national priorities like poverty alleviation, livelihood, promoting education, public health and sanitation, setting up of old age homes, day care centres, ensuring environmental sustainability, promoting rural sports, protection of national heritage, art and culture etc.

The book covers adequately the parameters of Section 135 of the Companies Act, 2013, the duties of the Board of Directors under the CSR Rules, composition of CSR Committee, Action to be taken by the CSR Committee and the Board of Directors, Disclosure requirements, Framework of CSR policy, ingredients of CSR policy, CSR outlay and its calculation, Treatment of unspent CSR amount, Treatment of CSR expenses for tax purposes, Implementing Agencies of CSR activities, Annual action plan, CSR activities and their implementation, CSR reporting, Annual report on CSR, impact assessment, penalty provisions etc.

In the Appendix section, the text of the relevant sections of the Companies Act, 2013, Schedule VII of the Companies Act, 2013, Frequently Asked Questions on CSR and Companies (CSR Policy) Rules, 2014, as well as the circulars so as to understand the applicability of these sections and regulations in an easy reference for the readers.

The authors deserve appreciation for covering the pertinent issues that may be considered as a source of knowledge.

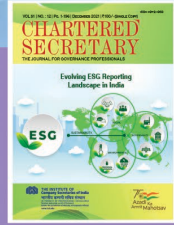
As the authors have updated the book with various amendments, FAQs and clarifications issued thereon, no doubt, the book would be useful for Professionals namely, Company Secretaries, Chartered Accountants, CMA's Management, Lawyers, Corporates, Trusts, Societies and entities covered under CSR to enable them in enhancing their knowledge and practice in this arena.

I take this opportunity to compliment the Authors for their valuable contribution in this edition with their practical knowledge and experience. The Authors are appreciated for this edition and I wish them success in all their future endeavours.

CS (Dr.) V. BALACHANDRAN, Former Dean of School of Business Studies and Professor and Head of Management Studies, Central University of Kerala

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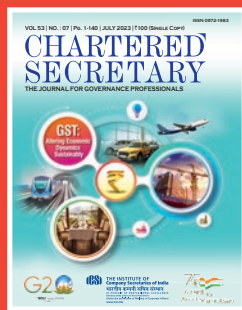
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