

# CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS



## Role of Stewardship and Proxy Firms in Corporate Governance



**THE INSTITUTE OF  
Company Secretaries of India**  
भारतीय कम्पनी सचिव संस्थान  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)  
[www.icsi.edu](http://www.icsi.edu)





## WHY LEADING BOARDS ARE EMBRACING DESS DIGITAL MEETINGS?

ONE STOP DIGITAL  
MEETINGS SOLUTION

“

*Dess Digital Meetings is very easy to use. Our directors and secretarial team are delighted with the experience of going digital and the ease of use.*

”

**Mr. Manoj Agarwal, Company Secretary, Balrampur Chini Mills Limited**

**LET'S CONNECT TO TRANSFORM  
YOUR BOARD MEETINGS**

+91 97029 28562

| [info@dess.digital](mailto:info@dess.digital)

| [www.dess.digital](http://www.dess.digital)

## President

- CS Devendra V. Deshpande

## Vice President

- CS Manish Gupta

## Members

(in alphabetical order)

- CS (Dr.) Ahalada Rao Vummenthala
- Anil Gupta (Govt. Nominee)
- CS Ashish Garg
- CS Balasubramanian Narasimhan
- CS Chetan Babaldas Patel
- Gyaneshwar Kumar Singh (Govt. Nominee)
- CS Hitender Mehta
- Dr. (Ms.) Madhu Vij (Govt. Nominee)
- Manoj Pandey (Govt. Nominee)
- CS Nagendra D. Rao
- CS NPS Chawla
- CS Praveen Soni
- CS Ramasubramaniam C.
- CS Ranjeet Pandey
- S Santhanakrishnan (Govt. Nominee)
- CS Sandip Kumar Kejriwal
- CS Vineet K. Chaudhary

## Secretary

- CS Asish Mohan

# 01

## Editorial Advisory Panel

### Chairman

- NPS Chawla

### Members

(in alphabetical order)

- Amit Kaushal
- Anil Gupta
- Ms. Aastha Gupta
- Bimal Jain
- Dr. D. K. Jain
- H. M. Dattatri
- (Prof.) J. P. Sharma
- Dr. (Ms.) Madhu Vij
- Mohan Kumar
- Nitin Somani
- Praveen Soni
- Puneet Handa
- (Prof.) Rabi Narayan Kar
- Dr. Ranjith Krishnan
- Sachin Khurana
- Sandip Kumar Kejriwal

### Editor & Publisher

- Asish Mohan

### Legal Correspondent

- T. K. A. Padmanabhan



# CHARTERED SECRETARY

[ Registered under Trade Marks Act, 1999 ]

Vol. : LIII ■ No.01 ■ Pg 1-158 ■ January-2023

## 04 - EDITORIAL

## 07 - FROM THE PRESIDENT

## 11 - RECENT INITIATIVES TAKEN BY ICSI

## 16 - ICSI EVENTS

- 22<sup>nd</sup> ICSI National Awards for Excellence in Corporate Governance, 2022
- Publications Released during CG Award - 2022
- ICSI Yuvotsav 2023
- 1<sup>st</sup> ICSI Gurushreshtha Awards 2022
- ICSI Western Region Convocation
- ICSI Southern Region Convocation
- ICSI Eastern Region Convocation
- Farewell of the 13<sup>th</sup> Council of ICSI
- ICSI Academic Connect
- 2022 Year Roundup

## 51 - ARTICLES

- Role of Stewardship and Proxy Firms in Corporate Governance

## 105 - LEGAL WORLD

### Printed & Published by

**Printed & Published by: Asish Mohan** on behalf of: The Institute of Company Secretaries of India, 'ICSI House', 22, Institutional Area Lodi Road, New Delhi - 110 003, **Printed at:** SAP Print Solutions Pvt Ltd at Plot No. 3 and 30, Sector II, The Vasai Taluka Industrial Co-Op. Estate Ltd, Gauripada, Vasai (E), District Palghar-401208, [sapprints.com](http://sapprints.com) and **Published** from Lodhi Road.

**Editor : Asish Mohan**

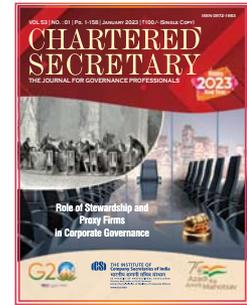
**The Institute of Company Secretaries of India**

'ICSI House', 22, Institutional Area Lodi Road, New Delhi - 110 003  
Phones : 41504444, 45341000  
Grams : 'COMPSEC'  
Fax : 91-11-24626727  
E-Mail : [journal@icsi.edu](mailto:journal@icsi.edu)  
Weblink : <http://support.icsi.edu>  
Website : <http://www.icsi.edu>

Mode of Citation: CSJ (2023)(01/--- (Page No.)

QR Code/Weblink of Chartered Secretary Journal

<https://www.icsi.edu/home/cs/>



## 115 - FROM THE GOVERNMENT

## 133 - NEWS FROM THE INSTITUTE

## 146 - GST CORNER

## 150 - ETHICS IN PROFESSION

- Disciplinary Mechanism

## 152 - CG CORNER

- Nationally Determined Contributions

## 154 - STARTUP INDIA

## Annual Subscription

'Chartered Secretary' is generally published in the first week of every month. ■ Non-receipt of any issue should be notified within that month.

■ Articles on subjects of interest to company secretaries are welcome. ■ Views expressed by contributors are their own and the Institute does not accept any responsibility. ■ The Institute is not in any way responsible for the result of any action taken on the basis of the advertisements published in the journal. ■ All rights reserved. ■ No part of the journal may be reproduced or copied in any form by any means without the written permission of the Institute. ■ The write ups of this issue are also available on the website of the Institute.

Printed at

**SAP PRINT SOLUTIONS PVT. LTD.**

Plot No. 3 & 30, Sector II, The Vasai Taluka Industrial Co-op. Estate Ltd., Gauripada Vasai (E), Dist. Palghar - 401 208  
[www.sapprints.com](http://www.sapprints.com)



# EDITORIAL

## Wish you a very Happy New Year 2023

I am extremely delighted to share that with the beginning of this New Year, a new chapter has ushered for the Institute with its flagship Journal, The Chartered Secretary, taking the Institute to grander heights. I have great pleasure in informing that the Chartered Secretary Journal has been listed under the Prestigious listing of the Journals by UGC, the UGC-CARE (Consortium for Academic Research and Ethics), making the reach of the our august Journal global. Beginning January 2023, the Journal also qualifies to achieve higher global ranks enhancing the image of the Institute and the nation. Adding further, the Journal is also adorning a new look to compliment the new beginnings.

It may well be noted that given the competitive global economy, Corporate Governance is becoming an increasingly important part of corporate strategies. Employing good corporate governance not only lowers the risk of non-compliance but adds to corporate diversity, resource efficiency and other positive outcomes that today's investors value. The maturation of corporate governance scenario has also resulted in the growth and coming of age of proxy advisory firms.

Another ace up , the introduction of Stewardship codes seemed to have further altered the rules of the game, both Stewardship and Proxy Advisory firms having a significant influence on the decision-making process.

This issue of the Journal intends to bring out the nuances of the Stewardship Codes and the Role of Proxy Advisory Firms in Corporate Governance.

Authors of the articles in this issue are stalwarts of the profession from prominent Indian Proxy Firms, prestigious higher education Institutions and researchers who through their views and deliberations have brought to the forefront, the vital role being played by Proxy Advisory firms in corporate governance. The issue also has an exclusive research paper on evolution of stock exchanges and analyses on factors requiring awareness such as gender equality, decent work & economic growth, Sustainability information, Climate Change, and Global Partnerships.

I hope with the sincere efforts being made by the Institute, this issue turns out to be an astute reading and referring source.

Wish you all Happy reading !

**CS Asish Mohan**  
(Editor-Chartered Secretary)



1



2



4



3



5

1. CS Devendra V. Deshpande, President, ICSI & CS Manish Gupta, Vice President ICSI, CS Rajesh Tarpara, Chairman WIRC, felicitating Shri Nitin Gadkari, Hon'ble Minister of Road Transport & Highways, at a special Conference organised by the Nagpur Chapter of ICSI.
2. CS Devendra V. Deshpande, President, ICSI & CS Ranjeet Pandey, Former President, ICSI met Shri Anurag Singh Thakur, Hon'ble Minister for Information & Broadcasting, Youth Affairs & Sports to discuss the evolving role of young CS professionals in shaping the governance culture in India.
3. ICSI RVO inks MOU with the Institution of Valuers to facilitate a comprehensive partnership in imparting knowledge and honing the skills of students, registered valuers, and professionals of both Institutes.
4. A General Health Check-up Camp for all staff was organized at ICSI HQ in coordination with Medanta Hospital, Gurugram.
5. ICSI delegation meeting with IAS, Ira Singhal to acknowledge her contribution in motivating CS students through a webinar.



ICSI President, CS Devendra V. Deshpande and Past President & Chairman International Affairs Committee, CS Ashish Garg with Committee Members, ICSI Overseas Centre, Canada.



ICSI delegation led by CS Devendra V. Deshpande, President ICSI, met Shri Sanjay Kumar Verma, High Commissioner of India to Canada and Ms. Apoorva Srivastava, Consulate General of India in Toronto, to explore areas of work for CS Professionals in Canada.

ICSI delegation led by CS Devendra V. Deshpande, President ICSI, met Mr. David Miriguay, Director of Education, The Chartered Governance Institute of Canada CGI to discuss opportunities as well as recognition for Governance Professionals in Canada.





वक्रतुण्ड महाकाय सूर्य कोटी समप्रभा  
निर्विघ्नं कुरु मे देव सर्व-कार्येषु सर्वदा॥



Dear Professional Colleagues,

**A** year ago, I had begun my journey of communication with all of you as the President of the ICSI with this very shloka, seeking blessings of Lord Ganesha, to remove all obstacles and add vigour and zeal to all our endeavours and initiatives.

And it is this very shloka with which I invoke the Lord once again, bow before him and thank him for his blessings all the year through, as I extend my most beloved wishes to all of you of the onset of the new year while penning down my last address through the pages of this Journal.

Friends, there remains no doubt in my heart when I say that bidding farewell, especially after having received so much love, affection, blessings, guidance and adulation, would have been the most difficult of tasks for each of my predecessors - the mere mention of which has filled me with emotions aplenty, emotions of achievement, happiness, gratitude, pride and delight.

And it is with these accompanying feelings and emotions that I feel honoured to share the happenings of the month gone by and the highlights of the year behind us.

## The month gone by...

*"The difference between ordinary and extraordinary is that little extra."*

- Jimmy Johnson

Given the activities of the past month or so, the time and days passed by between my last communicate and this one, the quote somehow comes across as the perfect sum-up.

Friends, most activities and initiatives of the ICSI stretch beyond the boundaries of a single month. The ICSI National Awards for Excellence in Corporate Governance are one of them. And while the second half of 2022 was witness to the formation of Expert Groups, solicitation of applications, pursuing the multiple stages of their evaluation, and me sharing every little detail of the same with you through these pages, the very first week of 2023 came with the Presentation Ceremony of these Awards - a happy and memorable reminder for the India Inc., that when you strive for excellence, accolades and recognitions soon follow.

While these Awards accord the opportunity to have meetings, discussions and deliberations with seasoned Governance Professionals and the top notch members of the Indian Corporates, the past two weeks have left

no stone unturned to give me common platform with those Company Secretaries who have just received their membership or the baton to take the march of good governance forward. On one hand, where the Convocation Ceremonies held in 3 different regions, all in same colour coordinated Indian attires and zealous smiles of achievement have undoubtedly placed me at a pedestal where I can with my own experience guide their way; the Yuvotsav-2023 held in the heart of Noida with more than 500 students from across the nation has given an opportunity to learn, learn from the most youngest minds - full of ideas and the perfect blend of high energy. It was meeting these faces filled with exuberance that I found the famous saying of Swami Vivekananda materialise right in front of my eyes,

*“Give me 100 energetic young men and I shall transform India.”*

Shaking hands with the future guardians of governance, I was assured and comforted of the fact that indeed the coming decades and centuries shall be ours to lead.

All these moments are indeed incomplete without the presence of those who can inspire and leave an indelible mark on the hearts and minds of those present. I take this opportunity to thank all the esteemed guests present at all these occasions, whose presence, words of wisdom, personal life story and motivating smiles have added wonderful highlights to the pages of our history.

Another achievement that I feel extremely proud to share with all of you is the entry of the Chartered Secretary Journal in the prestigious listing of the Journals by UGC, the UGC-CARE (Consortium for Research and Ethics), thus making the reach of the Journal global. Beginning January 2023 the Journal qualifies to achieve higher global ranks amongst international publications. I firmly believe that this listing shall not only take the profession global but the pages of this Journal shall open avenues for international discussions.

## The year gone by

*“When life gives you a chance to serve others, you put everything aside and pursue it; and do so with utmost level of commitment, hard work and grit.”*

Up until now, I might have shared the words, thoughts and couplets of some of the most renowned authors, political leaders, saints and scriptures, yet as I stand at the culmination of my journey as President, ICSI, reminiscing all the significant moments, days and minutes, I cannot help but hear the voice of my dear father, the man who was my true inspiration in every sense and who said these very words to me when I was contesting my very first ICSI Elections. And it is these words of his guidance which have alighted my way and because of which I've been honoured to receive so much love and adulation of my peers, blessings of my seniors and love of my juniors and future torch bearers of the profession and ICSI.

The year 2022 was eventful not only for the events celebrated and conducted in full fervour but for the various well-thought and opportunity-enhancing initiatives launched by the Council during the course of the year.

Although the details of the progress made and the activities undertaken have been shared in the ICSI Annual Progress Report-2022, I would like to take a few paras to share the endeavours which I believe shall be the true game changers in the times to follow:

### *Corporate Governance (From Compliance to Excellence)*

The Institute has proudly created a legacy through the ICSI National Awards for Excellence in Corporate Governance. It is through these Awards that we have not only motivated the corporates but have created waves and ripples of good governance across the corporate sector of this nation. Going a step ahead, it only seemed apt and fit to pick out pearls of best practices, collate them and create a handbook - a guidebook for the corporates aspiring Excellence. It gives me sheer delight to share the quantum of appreciation received on this initiative and I would like to extend my heartiest commendations and gratitude towards CS Ranjeet Pandey, Past President and Central Council Member for overseeing this project. I am hopeful that the publication, too, akin to the Awards, shall form a legacy of its own in the years to come.

### *IISA-IIADR-SMC*

The 54th Foundation Day of the ICSI was special not only for the celebration, the completion of yet another wondrous and fulfilling year striving towards the achievement of the vision and mission of the Institute but the occasion was thought completely befitting to launch such initiatives which shall add many more routes to accomplishing this very vision and mission all while creating greater opportunities and opening new doors and avenues for our professionals. While the ICSI-Institute of Social Auditors is intended at creating a brigade of professionals adept with the needs of corporates as regards Social Audit, the ICSI International ADR Centre intends to create a network of Alternate Dispute Resolution across the length and breadth of the nation, supporting the judicial and quasi-judicial bodies in speedy redressal and resolution of disputes arising amongst corporates.

The times ahead shall witness the ICSI infrastructures transforming themselves into state-of-the-art structures to take forward this cause and initiative.

The third initiative - the Start-up and MSME Catalyst, is a through and through member driven initiative. Through this initiative, the ICSI is attempting to create a platform, a podium for the technocrats, the start-ups, the MSMEs and the smaller corporates, to pursue governance hassle-free, to place their compliance needs with the professionals adept in the task and undertake their regular activities,

focus on what they are good at without concerning themselves of non-compliance and getting into crosshairs with the Regulatory Authorities.

A broader perspective as well as a closer look reaffirms the fact that all these three initiatives shall in their own unique way be furthering the vision of this institution and strengthening the foundation of governance framework in this nation.

*New learning, new pedagogy: New Syllabus 2022*

*“We cannot fight new wars with old weapons.”*

*- Vinoba Bhave*

The ever changing dynamics of the Indian as well as global corporate and economic scenario are well known. It is with this very knowledge that the laws and regulations too are altered regularly. With the digital transformation, happening more sooner than later, and with that the needs of corporates altering immensely, it cannot be affirmed as to whether the knowledge and capabilities fitting the bill now would not be rendered redundant earlier than anticipated.

It is with this intent as to render its students market ready, the ICSI has been revamping its syllabus every 5 years. This year as we took to recreating and revising the Syllabus for all the three stages, the focus remained on the strengthening of core areas while creating equitable base for the ancillary, legal and most importantly managerial and technical skills. The idea was to open avenues for the upcoming brigade of members for undertaking managerial roles and advisory positioning.

I am absolutely sure that this New Syllabus shall while catering to the knowledge and awareness needs of the students and future members, also provide greater comfort to the hiring clad - the corporates, that their organisations and their governance frameworks are in safe and worthy hands.

## Expanding Horizons: Realising ICSI Vision globally

Touching base in 9 nations, opening one more ICSI Overseas Centre, being on the Jury of an international governance organisation and endless meetings with Consulate Generals, Governance Heads and other dignitaries across the seas and continents, receiving their compliments for the good work and a peep into their futuristic thoughts and suggestions - each handshake, each stage, each panel discussion and each physical or virtual deliberation felt like a step closer to the achievement and accomplishment of the ICSI vision - “to be a global leader in promoting good corporate governance”.

With the highest number of Company Secretaries as an Institute coupled with the most recent achievement and responsibility of the Indian nation of hosting the G20

presidency, the onus definitely falls upon all of us to create an aura of excellence in governance and more importantly a corporate environment worth aping for the rest of the world.

## Humbled and gratified - आभारी आहे

*“When eating fruit, remember the one who planted the tree.”*

Taking cue from this old proverb, I intend to begin my vote of thanks with the very founding fathers of the Institute - ones who accorded us the opportunity to find our true calling and our profession in the same destination - who gave us the opportunity to serve the nation while not forsaking our personal goals and who gave us this opportunity of being part of this historic legacy. Little would they have known at the time of laying the foundation stone that they would be transforming the lives of lakhs of students and create a solid brigade of nearly 70,000 members in a span of five decades only.

In the same breath, I am thankful to all the past Presidents, Secretaries, Council Members and employees who have with their own unique thoughts, dreams and actions lent magnanimity to the profession that it is revered across the globe.

If I am to focus on this year and my tenure alone, my first gratitude goes to my own Council Colleagues who placed faith in my capabilities to be the Vice President in 2021 and the captain of the ship for 2022. It goes beyond words to express the thankfulness of my heart for your innovative ideas, for your approvals and dissents while having the best interests of the profession at heart, and for all the new initiatives launched under your able guidance and most importantly for rendering the entire journey of 4 years beautifully memorable.

And I feel extremely indebted towards the Government nominees to the Council for their consistent and continuing support, constructive and timely guidance and handholding wherever and whenever necessary. My heartfelt thanks to Shri Anil Gupta, Shri Gyaneshwar Kumar Singh, Shri Inder Deep Singh Dhariwal, Dr. Madhu Vij, Shri Manoj Pandey and Shri S Santhanakrishnan on behalf of the entire Council and the Institute.

It leaves me teary eyed to remember Late CS Deepak Kumar Khaitan, Central Council Member - a friend, philosopher and guide, a wonderful support in the Council and an inspiration beyond words and whom we lost in the beginning of 2022. It is men like him who reaffirm the fact that we live in the good deeds done and lives touched, even after being long gone. Being the spearhead of the Yuvotsav, he shall live in every student and every action done by them.

With my own Council, I would like to place on record my heartiest appreciation, commendation and gratitude

towards the nationwide branches of the ICSI Tree - the Regional Councils, Chapters, their Chairpersons and Management Committees, the Research Centre, the Centre of Excellence, and with them the dedication of the extended arms of the ICSI - IIP and RVO. Each one of you has not only portrayed indomitable faith and support in the HQ initiatives but your steadfastness in acting of your own accord for the betterment of the members and students connected with you warms my heart to the core.

While in the modern-day world, no entity can operate, function or succeed in isolation, the same is thoroughly impossible without the support - both visible as well as that in hindsight, extended by a lot many.

I feel extremely gratified to acknowledge the gracious presence of dignitaries from all walks of life who have lent grandeur to our events and celebrations. I feel humbled to have witnessed the support of the various Ministries, their Hon'ble Ministers heading them, the Secretaries and Officials, especially those of the Ministry of Corporate Affairs for considering our requests made on behalf of all our stakeholders favourably. I also wish to congratulate the MCA and all its officers for imbibing digital transformation in full swing and transitioning of the Company and LLP Modules from V2 to V3. It is indeed quite fulfilling to extend our support, play our role and partner in this transition. I feel honoured to have received the support of the various Regulatory Authorities - SEBI, IFSCA, NSE, BSE, NSDL, CDSL, NCLT, RBI, IBBI, etc. in our endeavours. With them, I also extend my sincere appreciation towards the members of the Appellate Authority, Disciplinary Committee, Board of Discipline, Auditing Standards Committee (ASC), Secretarial Standards Committee (SSC), Peer Review Board (PRB) and Quality Review Board (QRB) and all other Committees, sub-committees, Task Forces, Core Groups and Expert Groups, as well as the Governing Boards of our subsidiary entities, who have played their designated roles to perfection.

Going global would have remained just a dream had it not been for the support of the international bodies, the Corporate Governance Institutes of different nations, the ICGN, and the various High Commissions and Consulate Generals. The smiles on our faces as we met them, the anticipation for a brighter future and the bonds built shall last a lifetime. And with them I would also thank all the Teams of our faster-than-ever expanding base of Overseas Centres. It was a pleasure meeting and working with you.

Taking the journey back from global to local, I would be failing in my duty if I step down before thanking each one of the members and students for the blessings, love adulation, guidance, assistance, support showered upon me all through the entire year.

Your patience in difficult times and exuberance in moments of happiness shall always hold a special place in my heart and I shall forever remain indebted to all of you.

"A leader is only as good as the Team is." And in my case I am not only humbled but deeply touched by the emotion of service portrayed by each and every employee of Team ICSI, irrespective of their directorate and designation. It is their hard work, their grit, and never-say-never attitude which has pushed me many a times to go beyond my own boundaries and imagine the unimaginable; and no surprises, they have delivered it all. I truly congratulate CS Asish Mohan, Secretary ICSI, all the Heads of Directorates and each member of the Team ICSI across the length and breadth of this nation for their high spiritedness, effective execution and a personalised approach towards all members and students, which was all too visible in their every action.

### Passing the baton with Best wishes - Good luck !!!

As I demit the office of the President, this year also marks the end of the tenure of the entire Council - at Central, Regional as well as Chapter level. And since every ending makes for a beautiful new beginning, with open arms I welcome the entire new Central Council and with them the Regional Councils and Committees and their newly elected Chairpersons. I am not only hopeful but truly assured that each one of you shall put in your best of efforts, and your heart and soul into the betterment and even further journey towards achieving excellence for the profession and the Institute. My heartiest best wishes to all of you !!!

And while I may be moving out of the President's Office, it goes without saying that I shall always be just a call, a message, a WhatsApp and a DM away from all of you. Your concerns and issues shall always have my first priority and the Institute my wholehearted support till my last breath.

For it is in our endeavours together shall the Institute find and scale new heights !!!

To a happy and prosperous new year and to many more wonderful beginnings ahead... Cheers !!!

Yours Sincerely



**CS Devendra V. Deshpande**  
President, ICSI

# I

## INITIATIVES UNDERTAKEN DURING THE MONTH OF DECEMBER, 2022

### INITIATIVES FOR MEMBERS

#### CORE GROUP MEETING DECISION ON WORKPLAN PROPOSALS (RESEARCH) FY 2022-23

The ICSI had submitted Workplan proposals to National Foundation for Corporate Governance (NFCG) for the FY 2022-23. The Core Group of NFCG in its meeting held on 20th October, 2022 has approved the grant for undertake research in the areas of Oppression and Mismanagement – Practical Aspects with Case Laws and Risk Management.

#### CONCLUSION OF ONLINE SESSIONS OF CERTIFICATE COURSE ON VALUATION OF SECURITIES/FINANCIAL ASSETS (BATCH-II)

The online live web-based classes of Certificate Course on Valuation of Securities/Financial Assets conducted by ICSI jointly with ICSI RVO were concluded on December 24, 2022.

#### CONCLUSION OF ONLINE SESSIONS OF 11 CERTIFICATE COURSES

The Institute conducted 11 Certificate Courses in vital subjects such as FEMA, GST, IPR, Securities Laws, Independent Director, Corporate Restructuring, Forensic Audit, POSH etc., live sessions of all courses were concluded and first attempt of MCQ Based assessment for all 11 Certificate Courses is scheduled to be held on January 13-14, 2023.

#### FOURTH ONLINE REMOTE PROCTORED EXAMINATION OF POST MEMBERSHIP QUALIFICATION (PMQ) COURSES

The Institute is conducting three PMQ Courses on Corporate Governance, Internal Audit and Arbitration. The examination of PMQ Courses is being conducted twice a year, June and December. The December 2022 remote proctored examination of all the 3 PMQ Courses was conducted on December 17, 2022 and more than 75 candidates successfully attempted the PMQ Courses' Examination.

#### ISSUANCE OF CERTIFICATE OF COMPLETION FOR CRASH COURSES

5 Crash Courses were conducted by Institute on subjects lie ESG Analysis, Related Party Transactions, Labour Laws, MSME and Secretarial Standards. The Certificate of Completion was issued to all the successful participants across 5 Crash Courses on December 26, 2022. More than 300 participants successfully completed these crash courses after passing MCQ based assessment test.

### REPRESENTATIONS SUBMITTED

During the month, following representations were submitted with various Regulatory Authorities:

Purpose	Authority	Date
Suggestions of The Institute of Company Secretaries of India (ICSI) on "The Digital Personal Data Protection Bill, 2022" submitted to the on	Ministry of Electronics and Information Technology	December 16, 2022
For Inclusion of CS Qualification as one of the Minimum Qualifications for direct recruitment as Assistant Professor in the field of Management discipline	AICTE	December 02, 2022

#### THE CHARTERED SECRETARY JOURNAL LISTED UNDER UGC-CARE

The Chartered Secretary Journal has been listed under the Prestigious listing of the Journals by UGC, the UGC-CARE (Consortium for Academic Research and Ethics), making the reach of the our august Journal global. Beginning January 2023, the Journal also qualifies to achieve higher global ranks enhancing the image of the Institute and the nation.

#### HANDLING VARIOUS CS RELATED POSITIONS SUCH AS CS TRAINEE REQUIREMENT AND JOBS FOR CS MEMBERS AT VARIOUS GOVERNMENT OFFICES

Requests were received from various offices of the Ministry of Company Affairs/PSUs/Banks regarding the position of Company Secretary Trainees /Members from time to time and shortlisted Resumes of Members and Students were sent to them.

Company Secretary Trainees and Members Requirement at various Government Offices/CPSEs/PSUs/Banks			
Sl. No.	Government Offices/ Departments	Designation	Positions
1.	Bank of Maharashtra	AGM Board Secretary	1
2.	Bhor Sagar Port Limited	Company Secretary	1
3.	Canbank Financial Services Limited	Company Secretary	1
4.	IHB Limited	Company Secretary	1
5.	Kannur International Airport Limited	Multiple Positions	2
6.	Karnataka State Industrial and Infrastructure Development Corporation Limited	Company Secretary	1

7.	Mangalore Refinery and Petrochemicals Limited	Assistant Executives	1
8.	Office of Registrar of Companies, NCT of Delhi & Haryana, MCA	Young Professionals	4
9.	Small Industries Development Bank of India	Assistant Manager	100
10.	THDC India Limited	Addl. General Manager	1
11.	The Indian Institute of Technology, Ropar	Finance Officer	1
12.	The Institute of Company Secretaries of India	CRC Executives	40
13.	The Institute of Company Secretaries of India, New Delhi	CSC Executives	10
14.	Tripura State Electricity Corporation Limited	Company Secretary	1
15.	Uttar Pradesh Medical Supplies Corporation Limited	Company Secretary	1
16.	West Bengal Highway Development Corporation Limited	Executive CS	1

## STATUS OF REGISTRATIONS AND POSTINGS AT THE PLACEMENT PORTAL

(As on 31<sup>st</sup> December, 2022)

Registered Users			Total no. of Vacancies		
Members	Students	Corporates	Jobs	Trainings	Government & others
263	277	126	144	114	167

## FORMATION OF ICSI STUDY CIRCLES

The ICSI has been promoting the formation/renewal of Study Circles for creating knowledge upgradation avenues through professional discussion and deliberation. In December, 2022 Study Circles formed for the Financial Year 2022-23 were as under:

Name	RO
• Jabalpur Study Circle of the ICSI	WIRC
• Rewari Study Circle of the ICSI	NIRC

## GLOBAL FOOTPRINT

### PHYSICAL INAUGURATION OF ICSI OVERSEAS CENTRE, CANADA

ICSI Overseas Centre, Canada inaugurated (in person) in the presence of ICSI President, CS Devendra V. Deshpande and Past President & Chairman International Affairs Committee, CS Ashish Garg with Committee Members.

### MEETING WITH DIRECTOR, CGI CANADA

ICSI delegation met with Mr. David Miriguay, Director of Education, The Chartered Governance Institute of Canada (CGI) to discuss opportunities as well as recognition for Governance Professionals in Canada while discussing the progress of existing MoU between the two Institutes.

## MEETING WITH HIGH COMMISSIONER AND CONSULATE GENERAL IN TORONTO

ICSI delegation led by CS Devendra V. Deshpande, President ICSI met Shri Sanjay Kumar Verma, High Commissioner of India to Canada, and Ms. Apoorva Srivastava, Consulate General of India in Toronto, to explore areas of work for CS Professionals in Canada and briefed them about the journey of the Institute and of the Company Secretary Profession.

## ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

### • Webinars

Date	Topic
02.12.2022	Final Word on IBC - Part 9
16.12.2022	Anatomy of IBC Cases -1
30.12.2022	Anatomy of IBC Cases - 2

### • Workshops

Date	Topic
December 03, 2022	Effectiveness of Individual Insolvency & Pre-Packaged Insolvency Resolution
December 07-16, 2022	Perspective on IBC - An Array (Series I)
December 10, 2022	Pre-Insolvency Workout, Restructuring and Avoidance Transactions under IBC
December 17, 2022	Financial Statement Analysis, PUFE Transactions under IBC
December 23-29, 2022	Perspectives on IBC - An Array (Series II)

### • Roundtable

Date	Topic
13.12.2022	Peer Review Policy of ICSI IIP

### • Pre-Registration Educational Course (Online Course)

Date	Topic
December 06-12, 2022	Pre-Registration Educational Course

## ICSI REGISTERED VALUERS ORGANISATION

### • Certificate Course on Valuation of SFA (Batch-2)

ICSI RVO jointly with ICSI started the Second batch of "Certificate Course on Valuation of Securities or Financial Assets". The online live web-based classes of Certificate Course on Valuation of Securities/Financial Assets conducted by ICSI jointly with ICSI RVO were concluded on December 24, 2022.

### • 50 Hours Online Education Course

ICSI RVO commenced "50 Hours Educational Programme" from January 6, 2023.

### • Mandatory Training Programme (COP)

ICSI-RVO conducted four hours of "Mandatory Training

Programme (COP)” on December 23, 2022 on the following topics:

- “Code of Conduct for Registered valuers”
- “Professional Ethics”
- “Drafting Valuation Report”
- “Soft Skills (How to communicate with the clients and peers)”

## INITIATIVES FOR EMPLOYEES

- *General Healthcare Checkup Camp at HQ, Lodi Road*

A general healthcare checkup camp was organized at HQ, Lodi Road in collaboration with Medanta Hospital, Gurugram on 29<sup>th</sup> December, 2022 for the welfare of the employees, as a part of continuous employee engagement programme.

A team of 10 medical staff including a Physician visited the Institute. A total of 61 employees participated in the camp.

## INITIATIVES FOR STUDENTS

### 1<sup>ST</sup> GURU SHRESTHA AWARDS

ICSI in its endeavour to acknowledge the immense contribution of educators in education launched its 1st Guru Shrestha Awards during the year 2022. The purpose of “ICSI Guru Shrestha” award was honoring those Lecturers/Professors across India who have through their commitment and industry contributed immensely to improve the quality of Education and have augmented the lives of their students. Initially for the year 2022, the awards were conferred upon to the faculties of universities with whom ICSI has entered MoU. Professors/Lecturers working on full-time regular basis in Commerce/Law /Management Department of these Universities are eligible to apply. The faculties were evaluated through a multi-layered evaluation process through an expert group and eminent jury comprising top academicians of the country. The Jury was chaired by Prof. Nageshwar Rao, Vice-Chancellor, IGNOU. The awards were presented during Yuvotsav-2023 on 12th January 2023.

### WEBINAR FOR CS STUDENTS ON INTERNATIONAL DAY OF PERSONS WITH DISABILITIES

ICSI conducted a webinar on 3<sup>rd</sup> December 2022 for CS students on International Day of Persons with Disabilities. Ms. Ira Singhal, IAS was the chief guest on the occasion. She motivated and guided the students virtually. The link of the webinar is available at: [https://www.youtube.com/watch?v=7\\_JjfepIeTQ](https://www.youtube.com/watch?v=7_JjfepIeTQ)

### DECLARATION OF WINNERS OF ‘ICSI ONLINE CONSTITUTION DAY QUIZ-2022’

The final round of “ICSI Online Constitution Day Quiz-2022” was held on November 26, 2022. The result of the same has been declared and the details of the winners are available at [https://www.icsi.edu/media/webmodules/30112022\\_Scanned2.pdf](https://www.icsi.edu/media/webmodules/30112022_Scanned2.pdf)

## 15 DAYS E-ACADEMIC PROGRAMME

The Institute introduced 15 days Academic program as applicable under modified training structure on the Institute’s LMS portal at anywhere and anytime mode. The Link of the same is: [www.icsi.edu/media/modules/14092022\\_15dayeAcademicPRogrammeonLMS1.pdf](http://www.icsi.edu/media/modules/14092022_15dayeAcademicPRogrammeonLMS1.pdf)

## 10<sup>TH</sup> BATCH OF PDP ORGANIZED THROUGH VIRTUAL MODE

In order to ease out the difficulties being faced by the CS students belonging to earlier training structure and to enable them to proceed with the remaining requirements of that structure, ICSI HQ organized 8 hours Professional Development Programme on December 16, 2022 through virtual mode on the topics “Annual Filing and Filing of Form” “Practical Problems and Solutions in the areas of CS Profession”.

## ICSI SAMADHAN DIWAS

Samadhan Diwas is an initiative by the ICSI towards the spot solution of the grievances of the trainees and trainers. The ICSI successfully organized 23<sup>rd</sup> Samadhan Diwas on Wednesday, December 14, 2022. Pending matters of students in the areas of Switchover from Old training to New Training Structure, registration in Classroom EDP, e-EDP, e-MSOP, issue of sponsorship letters for Practical Training, Exemption related matters in Practical Training and issues of Training Completion Certificate which were resolved. The students appreciated the efforts of the Institute for creating a platform for direct interaction with the ICSI officials.

## ONLINE DOUBT CLEARING CLASSES FOR STUDENTS APPEARING IN DECEMBER 2022 EXAMINATION

ICSI is conducting online doubt clearing classes for the students appearing in December 2022 exam. The online classes are being conducted for the students appearing in December 2022 examination, however other students of the Institute can also join the classes. Classes are being conducted for Executive and Professional Programme for all subjects. The classes are being taken by renowned and distinguished faculties with enriched teaching experience. The students can submit their queries through Google link which will be sent to them after registration. They can also interact live with the faculties through the chat box during the classes.

Students are required to register at the following link to attend the classes. <https://www.icsi.in/student/DelegateRegistration/tabid/137/ctl/DelegateRegistration/mid/454/EventId/109/Default.aspx>

## FREE HALF DAY PROGRAMME FOR ICSI STUDENTS THROUGH REGIONAL AND CHAPTER OFFICES

ICSI is organizing free Half Day Programme for the students of ICSI (Every month) through its Regional and Chapter offices. These programmes will immensely help the students in improving and updating their academic knowledge. Besides, the focus will be also on soft skills and personality development of the students. For details, click [https://www.icsi.edu/media/webmodules/06092022\\_halfdayprogramme.pdf](https://www.icsi.edu/media/webmodules/06092022_halfdayprogramme.pdf)

## ANNOUNCEMENT ON PAPER WISE EXEMPTION FOR JUNE 2023 SESSION OF EXAMINATION

The option for claiming paper wise Exemption on the basis of Higher Qualification (ICAI-cost /LLB) for Executive & Professional student(s) for June 2023 CS Exam will be activated in smash portal (<https://smash.icsi.edu>) after declaration of December 2022 Session of Examination Result.

## 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.

## SCHEDULE OF ICSI CLASSES AT ROS/ CHAPTERS FOR JUNE 2023 SESSION OF EXAMINATION

Classes are being conducted by Regional/Chapter Offices for the students appearing in June 2023 Session of Examination. For details, click <https://www.icsi.edu/media/webmodules/websiteClassroom.pdf>

## CONCESSION IN FEES PAYABLE AT THE TIME OF REGISTRATION IN CS EXECUTIVE PROGRAM FOR STUDENTS WHO LOST THEIR PARENTS DUE TO ANY REASON, INCLUDING COVID19 PANDEMIC

As the COVID pandemic has engulfed the entire globe, it has affected many children in our country also who have lost their parents/or earning member of their family.

To curtail any financial distress on account of educational needs, the Institute has decided that such students may be supported for continuing their education by granting one time concession in fees. It has been decided that the students who have lost their *both parents or surviving parent or legal guardian/adoptive parents* due to any reason, including COVID-19 pandemic and who have taken registration/ or will be registering in CS Executive Programme between 1st April, 2021 to 31st March, 2022 will be given 100% concession in registration fee. For more details, visit [https://www.icsi.edu/media/webmodules/Announcement\\_Concession\\_in\\_fees\\_in\\_case\\_of\\_death\\_of\\_parents.pdf](https://www.icsi.edu/media/webmodules/Announcement_Concession_in_fees_in_case_of_death_of_parents.pdf)

## LAST EXAMINATION OF FOUNDATION PROGRAMME CONDUCTED IN DECEMBER 2022

With the introduction of new regulations, the Foundation Programme of CS Course stands discontinued w.e.f. 3rd February 2020 and accordingly the eligibility of already admitted students prior to February 3, 2020 for appearing in the Foundation Programme Examination is determined as per the following:

- All candidates registered under Syllabus (2017), enrolled for the Foundation Programme examination shall be examined under Foundation Programme till the validity of their registration/passing of examination, whichever is earlier.
- The validity period for the students to seek admission in Foundation Programme is three years and the cut-off date for last admission in Foundation Programme was 2nd February 2020. The validity of the students who admitted on February 2, 2022 is January 2023. Accordingly, the last attempt to enroll for Foundation Programme Examination was December 2022.

In view of the above, announcement hosted at website for the Foundation that December, 2022 will be the last examination for Foundation Programmes.

## PROFESSIONAL PROGRAMME PASS CERTIFICATE OF ICSI IN DIGILOCKER

As per ongoing practice the Institute has been issuing Pass Certificate of Professional Programme to the students in Physical Mode. However, in its attempt to move towards digitization, the Institute decided to issue Professional Programme Pass Certificate online via DIGILOCKER. The said initiative was launched at the 50th National Convention of ICSI at Kolkata with the National e-Governance Division (NeGD), Ministry of Electronics and Information Technology (MeitY), Govt. of India and communicated to the students via Bulk-Email regarding initiative of the Institute and process how to download the same/Announcement uploaded at ICSI Website. The students who passed on or after June 2021 Session of Examinations can download their Professional Pass Certificate from DIGILOCKER.

## TO FACILITATE THE STUDENTS TO RENEW THEIR REGISTRATION 3 MONTHS PRIOR EXPIRY OF REGISTRATION

As per the ongoing practice, students can renew their registration validity only after the expiry of their registration. However, in an attempt to ease the process and to avoid last minute hassle for students, the Institute decided to provide the renewal facility to the students 3 months before expiry of their registration and the same has been implemented from December 2022 onwards. Detailed announcement of the same has been uploaded at [www.icsi.edu](http://www.icsi.edu)

## CS DECEMBER 2022 EXAMINATIONS CONDUCTED SUCCESSFULLY

Executive and Professional (New Syllabus) Examination for December 2022 session which were scheduled on 21-30 December, 2022 were conducted smoothly. Foundation CBE (RPM Mode) December 2022 which was scheduled for 27-28 December, 2022 was conducted smoothly with zero error.

## COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

During the month, following initiatives were taken for the CSEET students:

- **CSEET (January 2023 session)**  
CSEET January 2023 session will be held on January 7, 2023

through remote proctored mode. For details, please click here [https://smash.icsi.edu/Scripts/CSEET/Instructions\\_CSEET.aspx](https://smash.icsi.edu/Scripts/CSEET/Instructions_CSEET.aspx)

- **CSEET classes (January 2023 session)**

CSEET Classes are being conducted by Regional/Chapter Offices for the students appearing in CSEET to be held in January 2023. Details of Regional/Chapter offices conducting classes are available at the following link. [https://www.icsi.edu/media/webmodules/website\\_Classroom.pdf](https://www.icsi.edu/media/webmodules/website_Classroom.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](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](https://www.icsi.edu/media/webmodules/granting_exemption_230621.pdf)

- **CSEET Reference book to be provided mandatorily to all students**

The Institute has decided that the Paper bound CSEET reading material will be sent to all the students registering for CSEET by post, for which Rs.500/- will be taken at the time of registration from the students registering for CSEET in addition to Rs. 1000/- (CSEET Registration fee).

This will be mandatory for all the students registering for appearing in CSEET from April 16, 2022 onwards.

- **CSEET Referencer will be provided on optional basis to all students at the time of CSEET registration**

CSEET Referencer will be provided optionally to all the students at the time of CSEET registration. The same is applicable for the students registering in CSEET w.e.f. 16th June 2022. The Students are required to remit Rs. 1000/- in addition to Rs. 1500/-

- **CSEET Guide – I** (Business Communication, Legal Aptitude and Logical Reasoning, Economic and Business Environment) and **CSEET Guide – II** (Current Affairs) containing MCQs have been released for the CSEET registered candidates.

- **CSEET Reference Reading Material** for Business Communication, Legal Aptitude and Logical Reasoning, Economic and Business Environment and Current Affairs have been revised. The same is available at the weblink: <https://www.icsi.edu/reference-reading-material/>

## STUDENT COMPANY SECRETARY, CS FOUNDATION E-BULLETIN AND CSEET COMMUNIQUE

The Student Company Secretary e-journal for Executive/Professional programme students of ICSI, CS Foundation course e-journal for Foundation programme students of ICSI and CSEET Communique covering the latest update on the subject on the CSEET have been released for the month of **December, 2022**. The journals are available on the Academic corner of the Institute's website at the link: <https://www.icsi.edu/e-journals/>

## ACADEMIC INITIATIVES

- **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 the benefits of our members and students available at <https://www.icsi.edu/infocapsule/>

## ICSI ACADEMIC CONNECT

ICSI signed Memorandum of Understanding (MoUs) under the ICSI Academic Connect Initiative with the following

- Manipal University, Jaipur on December 12, 2022.
- Dharamsinh Desai University, Gujarat on December 14, 2022

## CAREER AWARENESS INITIATIVES

- Session on "Corporate Restructuring and a Career Awareness Programme at K. R. Mangalam University, Gurugram on December 8-9, 2022.
- Session on "Corporate Restructuring at GLA university, Mathura on December 29, 2022.

## IMPORTANT LINKS FOR STUDENTS

To facilitate and update the students, a list of important links at the website of the Institute has been compiled. Students can go through the links given below to get all important details:

- For Student Services related updates: [https://www.icsi.edu/media/webmodules/Student\\_Services\\_links.pdf](https://www.icsi.edu/media/webmodules/Student_Services_links.pdf)
- For Academic updates: [https://www.icsi.edu/media/webmodules/Academic\\_links.pdf](https://www.icsi.edu/media/webmodules/Academic_links.pdf)
- For Training related updates: [https://www.icsi.edu/media/webmodules/Training\\_Links.pdf](https://www.icsi.edu/media/webmodules/Training_Links.pdf)

# GLIMPSES OF 22<sup>ND</sup> ICSI NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE, 2022 HELD ON 6 JANUARY, 2023 AT MUMBAI

Chief Guest

**Hon'ble Mr. Justice P. Sathasivam**

Former Chief Justice of India &  
Former Governor of Kerala

Special Guest

**Mr. Leander Paes**

Professional Tennis Player & World Record Holder



## Panel Discussion : Corporate Sustainability: Strategy, Innovation and Impact

**Prof. Anil Kumar**, Delhi School of Economics, University of Delhi

**Mr. Ashok Sethi**, Chairman, Tata Consulting Engineers Limited

**Mr. Manish Mohan Govil**, Adviser (Combination Division), Competition Commission of India

**Mr. Manoj Chakravarti**, Chief Practitioner, The Centre for Ethix & Responsible Business



## ICSI Lifetime Achievement Award

**Mr. Ashok Soota**, Executive Chairman and Co -Founder, Happiest Minds Technologies Limited



**Best Governed Company in Listed Segment (Large Category)**

**Bharti Airtel Limited**



**Best Governed Company in Listed Segment (Emerging Category)**

**Route Mobile Limited**



**Best Governed Company in Unlisted Segment (Emerging Category)**

**Lords Freight (India) Private Limited**



**Best Governed Company in Listed Segment (Medium Category)**

**Happiest Minds Technologies Limited**



**Best Governed Company in Unlisted Segment (Medium Category)**

**Future Generali India Insurance Company Limited**



**ICSI CSR Excellence Awards: Best Corporate (Large Category)**

**Central Coalfields Limited**



**ICSI CSR Excellence Awards: Best Corporate (Medium Category)**

Balrampur Chini Mills Limited



**ICSI CSR Excellence Awards: Best Corporate (Emerging Category)**

Akzo Nobel India Limited



**1st Business Responsibility and Sustainability Awards : Best Corporate (Listed Category)**

Cipla Limited



**4th ICSI Best Secretarial Audit Report Award**

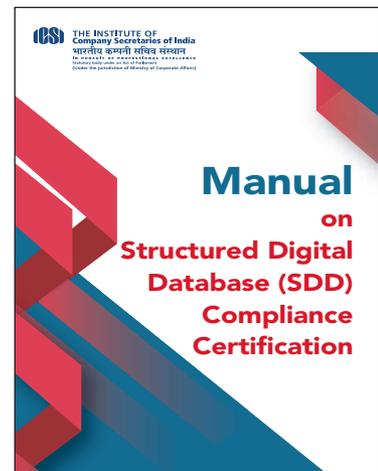
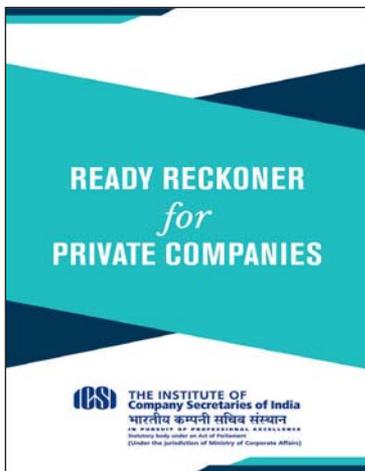
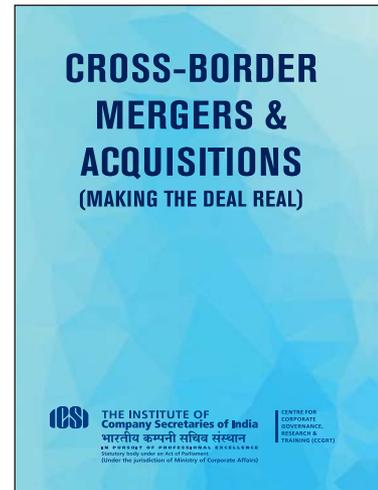
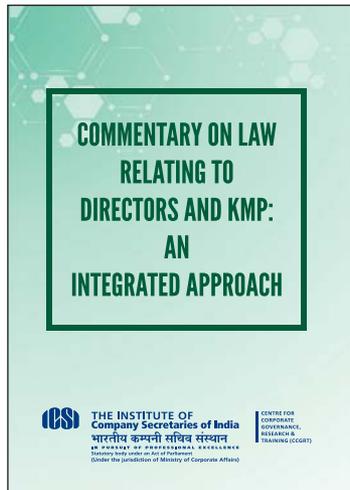
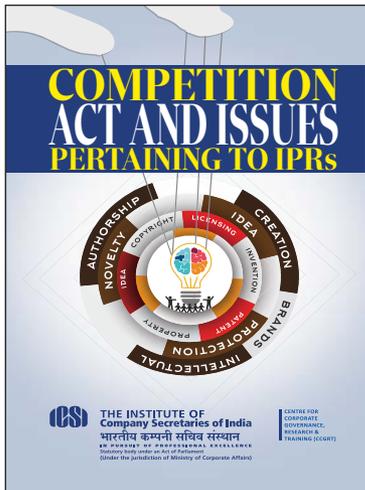
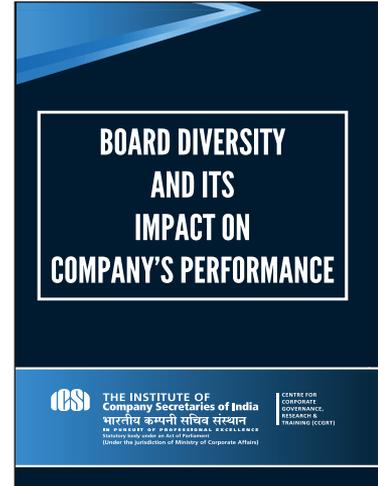
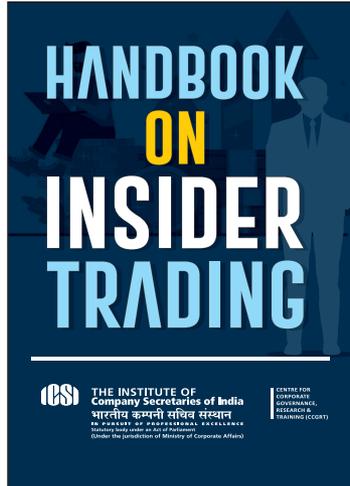
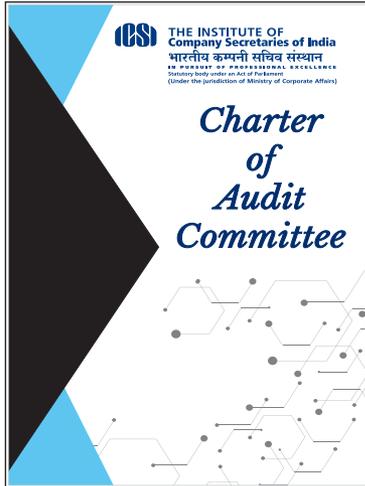
CS Sunny Gogiya  
Secretarial Audit Report of  
Antony Waste Handling Cell Limited



**Group Photo**



# PUBLICATIONS RELEASED AT THE AWARD PRESENTATION CEREMONY OF ICSI CG AWARDS- 2022



# PROCEEDINGS OF ICSI NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE, 2022

JW Marriott, Mumbai Sahar, Mumbai on 06<sup>th</sup> January, 2023

The Institute of Company Secretaries of India has been organizing ICSI National Awards for Excellence in Corporate Governance since 2001 to acknowledge the impeccable efforts of Corporates and Professionals in promoting good governance and sustainable growth in the Indian corporate sector. The Institute organized the 22<sup>nd</sup> edition of ICSI National Awards for Excellence in Corporate Governance, 2022 at JW Marriott, Mumbai Sahar, Mumbai on 06<sup>th</sup> January 2023.

Hon'ble Mr. Justice P. Sathasivam, Former Chief Justice of India & Former Governor of Kerala graced the occasion as the Chief Guest and Professional Tennis Player & World Record Holder, Mr. Leander Paes was the Special Guest for the event.

The event started with an insightful panel discussion.

Ms. Mugdha Kalra, event coordinator welcomed all the distinguished guests and introduced the theme of the panel discussion *Corporate Sustainability: Strategy, Innovation and Impact*.

## PANEL DISCUSSION

### Corporate Sustainability: Strategy, Innovation and Impact

#### Panelists:

- Prof. Anil Kumar, Delhi School of Economics, University of Delhi
- Mr. Ashok Sethi, Chairman, Tata Consulting Engineers Limited
- Mr. Manish Mohan Govil, Adviser (Combination Division), Competition Commission of India
- Mr. Manoj Chakravarti, Chief Practitioner, The Centre for Ethix & Responsible Business

Prof. Anil Kumar in his opening remarks said that Corporate Sustainability was a fashionable term 10 years back but now it has become a buzz word. Everyone talks about it these days and it has become really relevant after COVID. The simple connotation of Corporate Sustainability is something which can help companies survive for longer. As organizations have to run for long run, the long-term health and success of the organizations is very important.

Mr. Ashok Sethi in his opening remarks said that every business believes that it has to live for the future. Therefore, various triggers on social, environment and people side viz. COP27, government passing various regulations and policies, awareness among people about sustainability, etc. make it mandatory for businesses that when they have to prepare for the future they have to look at sustainability.

Mr. Manish Mohan Govil in his opening remarks said that over the past couple of years, three letters which have become very prominent and have been popping up time and again are 'E', 'S' and 'G' i.e. environmental, social, and corporate governance (ESG). A report by Bain & Company on ESG Imperatives in M&A says that 11% of M&A executives extensively assess ESG in the deal-making process on a regular basis. This is a very small number, the way everybody is looking at Sustainability Development Goals, this number is going to increase exponentially in times to come.

Mr. Manoj Chakravarti in his opening remarks said that Corporate Sustainability is nothing but everlasting life or corporate immortality. It is no longer a pedantic subject to discuss in the Board room but it drills down to the shop floor or to everything we do in our life.

The opening remarks were followed by a Question-Answer session. Ms. Mugdha Kalra, event coordinator put forth various questions to the panelists regarding the real role of corporate sustainability in business decisions; sustainability - only the responsibility of rich and big corporates or all, conflict between competition laws and sustainability; role of Board in enhancing corporate sustainability; enhancing stakeholder engagement for achieving corporate sustainability; significance and benefit of sustainability reporting and sustainability indices in corporate sustainability, challenges in process of corporate sustainability and the importance of leadership, etc. The panelists responded to each of the questions patiently and pertinently.

## PRESENTATION CEREMONY

CS Ranjeet Pandey, Past President & Chairman, Corporate Laws & Governance Committee, The ICSI welcomed the Chief Guest, Special Guest, and other dignitaries present. He apprised the participants about the journey of the awards since its launch in 2001 and how the new categories have been introduced since then with an intent to recognize corporates and the professionals adopting innovation, creativity and raising the bar beyond mandate of the law. He further apprised the participants about some of the best corporate governance practices followed by the corporates noticed during the evaluation process of the awards.

CS Manish Gupta, Vice President, The ICSI welcomed all the dignitaries on the dais and off the dais to the 22<sup>nd</sup> edition of ICSI National Awards for Excellence in Corporate Governance, 2022 and apprised the participants about the detailed evaluation process and background work that is being done by The ICSI pertaining to these awards.

CS Devendra V Deshpande, President, The ICSI while emphasizing upon the role of Company Secretaries in

his presidential address said that “Compliance is a cost but Governance creates value and hence as Governance Professionals, we Company Secretaries should drive the corporates towards building a robust and sustainable ecosystem”.

The Institute released following publications on the occasion in the august presence of the Chief Guest, Special Guest and the other Central Council Members:

- (i) Manual on Corporate Governance Certification
- (ii) Cross Border Mergers and Acquisitions: Making the Deal Real
- (iii) Ready Reckoner for Private Companies
- (iv) Manual on SDD Compliance Certification
- (v) Charter of Audit Committee
- (vi) Handbook on Insider Trading
- (vii) Board Diversity and its Impact on Company’s Performance
- (viii) Commentary on Law Relating to Directors and KMP: An Integrated Approach
- (ix) Competition Act and issues pertaining to IPRs

Appreciating the ICSI for promoting good governance and sustainability, Mr. Leander Paes said, “It is commendable that ICSI has been honouring Corporates and Professionals for 22 years. Sustainability is simply about following the systems and staying ahead of the curve and ICSI has been doing just that”.

Expressing his delight as the Chair of the Jury for the Awards for the 2<sup>nd</sup> consecutive year, Hon’ble Mr. Justice P. Sathasivam said “Inculcating good corporate governance in every sector is a prerequisite for becoming a preferred nation for global investment and ICSI is standing at every step in alignment with this vision of the Hon’ble Prime Minister of India”.

The 7<sup>th</sup> ICSI CSR Excellence Award for extraordinary contribution in Corporate Social Responsibility was presented to:

1. **Akzo Nobel India Limited** (Small & Emerging Category)
2. **Balrampur Chini Mills Limited** (Medium Category)
3. **Central Coalfields Limited** (Large Category)

The 4<sup>th</sup> ICSI Best Secretarial Audit Report Award, recognizing the importance of the Secretarial Audit Report as an effective tool of corporate compliance management, was awarded to **CS Sunny Gogiya**, for Secretarial Audit Report issued to Antony Waste Handling Cell Limited.

This year the Institute introduced the ICSI Business Responsibility and Sustainability Awards to recognize the efforts of companies integrating ESG for conducting their business in responsible and sustainable manner. The 1<sup>st</sup> ICSI Business Responsibility and Sustainability Awards was presented to **Cipla Limited** (Listed Category).

Acknowledging the leadership in promoting best corporate governance principles, the Institute conferred the ICSI Lifetime Achievement Award on **Mr. Ashok Soota**, Chairman, Happiest Minds Technologies Limited.

The 22<sup>nd</sup> ICSI National Awards for Excellence in Corporate Governance for Best Governed Companies in Listed and Unlisted Segment, were presented to the following Companies:

1. **Lords Freight (India) Private Limited** (Unlisted Company: Emerging Category)
2. **Future Generali India Insurance Company Limited** (Unlisted Company: Medium Category)
3. **Route Mobile Limited** (Listed Company: Emerging Category)
4. **Happiest Minds Technologies Limited** (Listed Company: Medium Category)
5. **Bharti Airtel Limited** (Listed Company: Large Category)

CS Asish Mohan, Secretary, The ICSI proposed the Vote of Thanks towards the dignitaries for the grand success of the 22<sup>nd</sup> ICSI National Awards for Excellence in Corporate Governance, 2022.

**BOOK RELEASES**



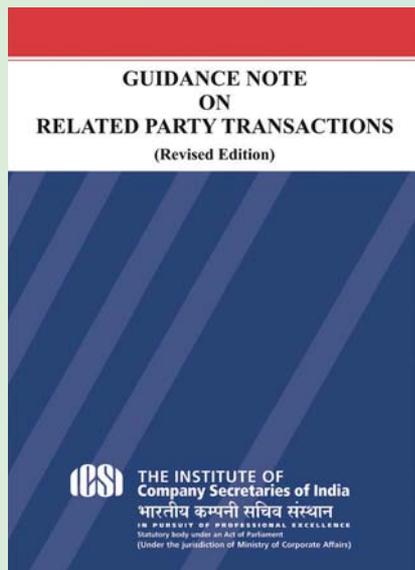


# GLIMPSES OF ICSI YUVOTSAV 2023 HELD ON 11-12 JANUARY, 2023





**PUBLICATION RELEASED**



# 1<sup>ST</sup> ICSI GURUSHRESTHA AWARDS 2022

ICSI in its endeavour to acknowledge the immense contribution of educators in education introduced 1st Guru Shrestha Awards during the year 2022. The purpose of “ICSI Guru Shrestha” Award is honouring those Lecturers/Professors across India who have through their commitment contributed immensely to improve the quality of Education and have augmented the lives of their students. Initially for the year 2022, the Awards were conferred upon to the faculties of universities with whom ICSI has entered MoU. Professors/Lecturers working on full-time regular basis in Commerce/Law /Management Department of these Universities were eligible to apply. The faculties were evaluated through a multi-layered evaluation process through academic team of ICSI, an expert group and eminent jury comprising top academicians of the country. Prof. Nageshwar Rao, Vice-Chancellor, Indira Gandhi National Open University was the Chairman of the Jury. Other eminent jury members were Dr. Bhimaraya Metri, Director, IIM, Nagpur, Prof. R. Nagarajan ,Director, IIM, Amritsar, Prof. Himanshu Rai, Director, IIM, Indore, Prof. Akhilesh Kumar Pandey, Vice-Chancellor, Vikram University, Ujjain, Prof. (Dr.) Karbhari Vishwanath Kale, Vice-Chancellor, Savitribai Phule Pune University, pune, Prof. Madhu Vij (Central Council Member, ICSI, Govt Nominee & Professor, Faculty of Management Studies, University of Delhi, Dr. Renu Jain, Vice-Chancellor, Devi Ahilya Vishwavidyalaya, Indore. The Jury meeting to finalise the winners was held on 24th December 2022 at Hotel Le-Meridien, New Delhi. The awards were presented during Yuvotsav-2023 on 12th January 2023. The Award Ceremony was graced by Shri Yogeshwar Dutt, Indian wrestler , Padma Shri, Prof. Nageshwar Rao, Vice Chancellor, IGNOU, CS Devendra V. Deshpande, President, The ICSI, CS Manish Gupta, Vice- President, The ICSI, CS Ranjeet Pandey, Programme Director- Yuvotsav -2023, Former- President & Central Council Member, The ICSI, CS Susshil Daga, Chairman NIRC and CS Asish Mohan, Secretary, The ICSI. Winners and runner-ups received a cash prize, a trophy, and a Commendation Certificate.

## Jury Meeting -1st ICSI GuruShrestha Awards



# Award Ceremony - 1<sup>st</sup> ICSI GuruShrestha Awards

## Category - Commerce



## Category - Management



## Category - Law



# ICSI WESTERN REGION CONVOCATION HELD ON 5 JANUARY, 2023



# ICSI SOUTHERN REGION CONVOCATION HELD ON 8 JANUARY, 2023





# ICSI EASTERN REGION CONVOCATION HELD ON 15 JANUARY, 2023



# FAREWELL OF THE 13<sup>TH</sup> COUNCIL OF ICSI





# ICSI ACADEMIC CONNECT

ICSI and Manipal University, Jaipur signed MoU under 'Academic Connect' initiative of ICSI on 12.12.2022.



ICSI and Dharamsinh Desai University, Gujarat signed MoU under 'Academic Connect' initiative of ICSI on 14.12.2022.





# INSTITUTE OF SOCIAL AUDITORS

(A wholly owned subsidiary of ICSI)

18<sup>th</sup> January, 2023

## EXPOSURE DRAFT OF ICSI SOCIAL AUDIT STANDARDS

The Securities and Exchange Board of India pursuant to Chapter X-A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 has laid down the Regulations covering various aspects of Social Stock Exchange vide Regulations 292A to 292P. The Obligations of Social Enterprises have been defined vide Regulations 91A to 91F pursuant to Chapter IX-A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The main objective of introducing the concept of Social Stock Exchanges is to attract participation of social investors in financing Social Enterprises. Furthermore, to strengthen the governance framework in these entities, provide better confidence to such investors and improve visibility and knowledge among stakeholders, SEBI vide regulation 91E of SEBI (LODR) Regulations, 2015 has introduced the concept of audit of Annual Impact Report by a Social Auditor.

The purpose of this Social Audit is to ascertain the impact made by the Social Enterprise through its activities, intervention, programs or projects implemented during the reporting period. The same shall be undertaken by professionals registered with an SRO and in accordance with Standards laid down for the said purpose.

Understanding this need, the ICSI has set up ICSI Institute of Social Auditors which has formulated the draft ICSI Social Audit Standards to provide guidance to conduct Social Audit of Social Enterprises engaged in any of the activities as enumerated under Regulation 292E(2)(a) of SEBI (ICDR), Regulations, 2018. The Exposure Draft of the ICSI Social Audit Standards are placed for public comments. The same are available at: [https://www.icsi.edu/media/webmodules/EXPOSURE\\_DRAFT\\_OF\\_ICSI\\_SAS.pdf](https://www.icsi.edu/media/webmodules/EXPOSURE_DRAFT_OF_ICSI_SAS.pdf)

Comments can be submitted using one of the following methods, so as to be received not later than 31<sup>st</sup> January, 2023:

1. **Vide Google Form:**

Click on [https://docs.google.com/forms/d/e/1FAIpQLSduKIQqmsExTMdYK7z-LTvRAZXgWw3TEueupjCajFleWoksMg/viewform?usp=pp\\_url](https://docs.google.com/forms/d/e/1FAIpQLSduKIQqmsExTMdYK7z-LTvRAZXgWw3TEueupjCajFleWoksMg/viewform?usp=pp_url) to submit comments online

2. **Email:** Comments can be sent to: [iisa@icsi.edu](mailto:iisa@icsi.edu)

**CS Devendra V Deshpande**  
Chairman  
ICSI Institute of Social Auditors



**ICSI** THE INSTITUTE OF  
Company Secretaries of India  
भारतीय कम्पनी सचिव संस्थान  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)



# 2022 YEAR ROUNDUP...



# 2022 YEAR ROUNDUP...

## A. GLOBAL OUTREACH

### 1ST INTERNATIONAL CONFERENCE OF ICSI OVERSEAS CENTRE AT DUBAI



The Institute of Company Secretaries of India in association with ICSI Middle East (DIFC) NPIO, organized its 1st International Conference of ICSI Overseas Centre at Dusit Thani, Dubai on 23<sup>rd</sup> March, 2022 on the theme - Redefining Good Governance: Innovation Compliance, Sustainability, Inclusion. Mr. K. Kalimuthu, Consul (Economic, Trade & Commerce), Consulate General of India, Dubai, graced the occasion as the Chief Guest and Major General (Retd.) Sharafuddin Sharaf, Chairman, UAE - India Business Council (UIBC) and Vice Chairman, Sharaf Group, was the Guest of Honour.

### ICSI PARTICIPATES IN A SPECIAL PANEL DISCUSSION AT DUBAI EXPO

The Institute participated in a special Panel Discussion at the India Pavilion of Dubai Expo 2020, on 24th March, 2022 on the theme “Company Secretary - Fostering Innovation for Sustainable Growth”. With this the ICSI became the leading professional body from India to represent the country as well as the professional fraternity at the World Expo, which is one of the oldest and largest international events taking place every 5 years.

### SPECIAL PROGRAMME ON INDIA-UAE STRATEGIC PARTNERSHIP AT WORLD TRADE CENTRE, DUBAI

ICSI Middle East DIFC (NPIO) organized a Special Programme on INDIA-UAE Strategic Partnership on May 18, 2022, at World Trade Centre, Dubai. Shri Suresh Prabhu, Hon'ble Member of Parliament, Rajya Sabha and Former Minister of Railways, Commerce & Industry and Civil Aviation presided over as the Chief Guest while Shri K. Kalimuthu, Consulate General of India, Dubai, was the Guest of Honour at the programme.

Padma Shri T N Manoharan, Chairman, IDBI Bank & Past President, The ICAI and CS Devendra V. Deshpande, President, The ICSI presided over as the Key Note Speakers at the event.

### ICSI LEADERSHIP'S VISIT TO THE ICSI OVERSEAS CENTRE, UK

CS Devendra V. Deshpande, President, The ICSI, and CS Ashish Garg, Chairman, International Affairs Committee and Past President, the ICSI, visited the UK in July 2022 to attend the Annual Conference of Chartered Governance Institute (CGI), UK, and to meet the ICSI Overseas Centre, UK team, to discuss the plan of action for exploring opportunities for ICSI members and students, and for establishing the relevance of Indian Company Secretaries in the UK.

### ICSI PARTICIPATION IN THE RUSSIAN CORPORATE SECRETARIES ASSOCIATION'S FORUM

CS Devendra V. Deshpande, President, The ICSI, and CS Ashish Garg, Chairman, International Affairs Committee and Past President, the ICSI, virtually participated in the opening plenary of the Russian Corporate Secretaries Association's Forum on July 7, 2022, as Speakers. The theme of the session was Corporate Governance: The New Reality; Corporate Governance Status and Challenges.

### 16TH INTERNATIONAL PROFESSIONAL DEVELOPMENT & FELLOWSHIP PROGRAMME



The ICSI organized its 16<sup>th</sup> International Professional Development & Fellowship Programme, from July 24 - August 2, 2022, in France and Switzerland. During the programme, an International Conference on the theme 'Global Corporate Governance Trends' was organized on July 28, 2022, in Paris, to discuss the important aspects of Governance ranging from CSR to Risk to Corporate Boards and Leadership.

H.E. Mr. Jawed Ashraf, Ambassador of India to the Republic of France and Principality of Monaco graced the Conference as the Chief Guest.

### OPENING OF 6TH ICSI OVERSEAS CENTRE IN CANADA

With the largest membership and student base of Company Secretaries in the world, ICSI is playing a seminal role in the global Corporate Governance arena. On the momentous

occasion of the 50th National Convention of Company Secretaries, the ICSI inaugurated its 6th Overseas Centre in Canada. Later on, the Centre was inaugurated (in person) in the presence of ICSI President, CS Devendra V. Deshpande and Past President & Chairman International Affairs Committee, CS Ashish Garg with Committee Members.

### ICGN SEOUL CONFERENCE

ICSI participated in the International Corporate Governance Network (ICGN) Seoul Conference, hosted by Korea Corporate Governance Service (KCGS) & Korea Exchange (KRX) in Seoul, South Korea, on 5-6 October 2022. CS Nagendra D. Rao, Immediate Past President, ICSI, represented the Institute at the Conference and shared views on “Board Duties and Responsibilities in Company Subsidiaries and Groups”.

### 12TH PREMIER CORPORATE GOVERNANCE CONFERENCE OF CGI, SOUTHERN AFRICA

The ICSI participated in the 12th Premier Corporate Governance Conference organized by the Chartered Governance Institute of Southern Africa on 6-7 October 2022.

CS Devendra V. Deshpande, President, ICSI represented the Institute and addressed the discussion themed on “Global Perspectives on Governance” at the two-day conference.

### OECD-ASIA ROUNDTABLE ON CORPORATE GOVERNANCE

Organization for Economic Co-operation and Development (OECD) invited the ICSI to the OECD-Asia Roundtable on Corporate Governance, hosted by the State Securities Commission of Vietnam in Hanoi, Vietnam on 20-21 October 2022, to promote policy dialogue on Corporate Governance and Corporate Finance between Asian Economies and the OECD.

CS Devendra V. Deshpande, President, ICSI represented the Institute in a panel discussion on “The growth of new digital technologies and emerging opportunities and risks” at the Conference.

### ICSI AS JURY AT THE ICGN GLOBAL GOVERNANCE AND STEWARDSHIP AWARDS, 2022

On behalf of the ICSI, CS Devendra V. Deshpande, President, The ICSI, were invited to be a part of the Jury at the International Corporate Governance Network Global Governance and Stewardship Awards 2022 in London, United Kingdom on November 16, 2022. The Awards recognize and honour the exceptional accomplishments of individuals as well as companies across the globe in the field of Corporate Governance and Investment Stewardship.

### GLOBAL MEETINGS AND GREETINGS

- Ms. Apoorva Srivastava, Consulate General of India in Toronto.

- Mr. David Miriguay, Director of Education, Chartered Governance Institute, Canada.
- Mr. James Freeman, Principal Analyst, Ecctis Limited, UK ENIC (erstwhile UK NARIC).
- Mr. Jonathan Geldart, Director General, Institute of Directors, London.
- Ms. Kerrie Waring, Chief Executive Officer, International Corporate Governance Network.
- Ms. Shreeranjani Kanagavel, Second Secretary (Eco), High Commission of India to London.
- H.E. Mr. Jaideep Sarkar, High Commissioner of India to South Africa.
- Dr. Lovemore Gomera, CEO, CGI Zimbabwe.
- Shri Sanjay Kumar Verma, High Commissioner of India to Canada.
- Mr. Stephen Sadie, CEO, CGI Southern Africa.
- Mr. Sujit Ghosh, Deputy High Commissioner of India to London.

### GLOBAL GOVERNANCE CONNECT

‘Global Governance Connect’, is an initiative of the ICSI to explore the association with similar international organizations for mutual benefit. This initiative aims to promote Excellence in common areas of interest, impart knowledge, and promote Research and Training in the field of Corporate Governance leading to equivalency of the profession in different countries.

### INTERNATIONAL WEBINARS CONDUCTED

- Enhancing your communication skills’ with British Council Expert on 4th February, 2022.
- Compliance to Governance: Journey of a Company Secretary on 26th February, 2022.
- Boardroom Dynamics and its Impact on June 3, 2022
- Sustainable Leadership for Effective Corporate Governance on October 8, 2022.

## B. NEW INITIATIVES

### LEADERSHIP DEVELOPMENT PROGRAMME (RESIDENTIAL)

With the aim to further equip the Company Secretaries to acquire the requisite knowledge of other functional areas to ensure their effectiveness in managerial roles, the ICSI launched the Leadership Development Programme jointly with IIMs. 2 such programmes were held during the year:

1 <sup>st</sup> Leadership Development Programme	April 14-15 2022	IIM Jammu	28 members
2 <sup>nd</sup> Leadership Development Programme	November 24-25, 2022	IIM Kozhikode	27 members

## ICSI INTERNATIONAL ADR CENTRE

A multi-city and hopefully multi-nation project launched at the 50th National Convention in Kolkata, the ICSI International ADR Centre has been incorporated 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. With the first Centre intended to be opened at Hyderabad, the idea is to take this initiative across the various cities possessing good infrastructural facilities. The ADR Centre is ICSI's attempt to support the nation's judicial ecosystem thus strengthening the overall governance ecosystem.

## START-UP AND MSME CATALYST

Understanding the needs for a friend, philosopher and guide at every step of the way for the start-ups and MSMEs, the ICSI has rolled out a unique initiative on the occasion of 54th Foundation Day, i.e., 'Start-up & MSME Catalyst'. As seasoned professionals adept in the legal framework and aptly attuned to the needs of the start-ups, Company Secretaries can extend support in almost all arenas of Start-ups right from their registration, to Accounting, Tax and Finance, and even Investment / Fund Raising not to mention affirming legal compliance.

## ICSI INSTITUTE OF SOCIAL AUDITORS

With the Social Stock Exchanges being formed under the SEBI Regulations, social audit and social auditors shall be playing a pivotal role going forward. Incorporated on the 4th October, 2022 and launched at the 54th Foundation Day of the ICSI, the ICSI Institute of Social Auditors is a section 8 company, created with the intent of strengthening the social audit and impact assessment, the social governance ecosystem in the country. In a nutshell, the ICSI-ISA, will be taking on the task of developing Standards for Social Audit, Registering Social Auditors, laying down their standards of professional conduct, and partnering with NISM for development and delivery of Course on Social Audit.

## 1<sup>ST</sup> GURU SHRESTHA AWARDS

ICSI in its endeavour to acknowledge the immense contribution of educators in education launched its 1st Guru Shrestha Awards during the year 2022. The purpose of "ICSI Guru Shrestha" award was honoring those Lecturers/Professors across India who have through their commitment and industry contributed immensely to improve the quality of Education and have augmented the lives of their students. Initially for the year 2022, the awards were conferred upon to the faculties of universities with whom ICSI has entered MoU. Professors/Lecturers working on full-time regular basis in Commerce/Law /Management Department of these Universities are eligible to apply. The faculties were evaluated through a multi-layered evaluation process through an expert group and eminent jury comprising top academicians of the country. The Jury was chaired by Prof. Nageshwar Rao, Vice-Chancellor, IGNOU. The awards were presented during Yuvotsav-2023 on 12th January 2023.

## NEW SYLLABUS 2022



The ICSI released its New Syllabus 2022 at the 50th National Convention of Company Secretaries at Kolkata on September 01, 2022. The New Syllabus 2022 focuses on the core areas of the Company Secretary Profession and to supplement the core areas it has laid due emphasis on ancillary, legal, managerial and other technical skills. The New Syllabus 2022 has made sincere endeavours in ensuring smooth transition of

students into governance professionals, corporate managers / corporate advisors. The new syllabus aims at balancing the papers and its contents in terms of law & policy, practice, strategic and managerial aspects, matching with the objective of each paper and overall syllabus.

## YOUTH BOARD AND CORPORATE MEETINGS COMPETITION

The Institute of Company Secretaries of India for the first time is organizing a Regional and National level Competition on "Youth Board/Corporate Meetings" for the students of 11th & 12th Class as well as Graduates on the themes like Secretarial Standards, and other contemporary aspects of corporate culture and governance, etc. This initiative of the Institute shall help in generating awareness about the Institute, its role and objective to create a culture of Governance, among the youth of the country and budding professionals.

## C. RECOGNITIONS RECEIVED

- Practising Company Secretaries have been authorized under the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 issued vide Gazette Notification dated 14th January, 2022, to issue a Certificate of Compliance to the issuer certifying that the proposed preferential issue is being made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- The International Financial Services Centres Authority (IFSCA) in its Circular 329/IFSCA/DPM/TS/QJ/2021-22/1 dated 19th January, 2022 pertaining to Qualified Jewellers importing gold through India International Bullion Exchange has authorized Practising Company Secretaries to certify the average annual turnover in the last 3 financial years and net worth of the entity so as to be permitted to act as a "Qualified Jeweller".
- SEBI has bestowed a new recognition under SEBI Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/156 dated November 17, 2022 read along with Regulation 59A of the SEBI (LODR) Regulations, 2015 wherein while processing the draft scheme of arrangement, SEBI may seek clarifications from any person relevant in this regard including the listed entity or the Stock Exchange(s) and may also seek an opinion from an Expert such as Practising Company Secretary at par

with other professionals. Further, a detailed Compliance Report is to be certified by the Company Secretary of the Company along with other senior management, in the format specified by the SEBI which is to be submitted to Stock Exchanges.

- SEBI has bestowed upon the profession of Company Secretaries new recognition under SEBI Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated November 14, 2022 read along with Regulation 51A of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 wherein the entity has to appoint a Company Secretary as a compliance officer, for being providing the services of Online Bond Platform Provider (OBPP). Further, the entity has to appoint at least two qualified key managerial personnel with experience of at least three years in the securities market in which the qualification of Company Secretaryship has been specifically included in the definition of “Qualified”.

#### D. MEETINGS WITH DIGNITARIES (IN ALPHABETICAL ORDER)



- Shri Amit Shah, Hon'ble Minister of Home Affairs and Minister of Cooperation
- Shri Anurag Singh Thakur, Hon'ble Minister for Information & Broadcasting, Youth Affairs & Sports
- Shri Ashwani Bhatia, Whole-Time Member, SEBI
- Dr. Bhagwat Kishanrao Karad, Minister of State for Finance
- Shri Himanta Biswa Sarma, Hon'ble Chief Minister, Assam
- Shri Kiren Rijiju, Hon'ble Union Minister of Law and Justice
- Sh. Mahaveer Singhvi, IFS, Joint Secretary (Counter Terrorism), Ministry of External Affairs, Govt. of India
- Dr. Manoj Govil, Secretary, Ministry of Corporate Affairs
- Shri Nagendraa Parakh, Executive Director, SEBI
- Prof. Nageshwar Rao, Vice Chancellor, IGNOU
- Dr. Niten Chandra, Law Secretary, Ministry of Law & Justice
- Shri Pankaj Choudhary, Hon'ble Union Minister of State for Finance
- Dr. Pramod Sawant, Hon'ble Chief Minister of Goa
- Shri Ranjeetsingh Naik Nimbalkar, MP, Lok Sabha

- Shri Ravi Mital, Chairperson, IBBI.
- Dr. Surender Singh, Additional Secretary, University Grants Commission
- Shri Sunil Kadam, Registrar, NISM
- Shri Suresh Gopi, MP, Rajya Sabha
- Shri Tarun Bajaj, Secretary, Ministry of Corporate Affairs
- Shri V S Sundaresan, Executive Director, SEBI

#### E. CAPACITY BUILDING AND KNOWLEDGE UPDATION

##### PUBLICATIONS RELEASED (all pics on one page)

- Reference Material for Certificate Courses
- Companies Act, 2013 with rules (co-branded publications) - with Bharat Law House and Taxmann
- Corporate Governance: From Compliance to Excellence (Handbook on Best Practices)
- 75 Years of Indian Economy and Way Forward
- CS: A Preferred Professional
- Manual on Secretarial Audit
- GST Compliances: A Ready Reckoner
- Peer Review Manual (5th Edition)
- Decriminalisation of Offences: A Forward Looking Approach
- Handbook on MSMEs
- Legal Research Methodology: Process and Techniques
- FAQs on Commercial Arbitration
- The Glorious Journey of ICSI National Convention
- Manual on Corporate Governance Certification
- Cross Border Mergers and Acquisitions: Making the Deal Real
- Ready Reckoner for Private Companies
- Manual on SDD Compliance Certification
- Charter of Audit Committee
- Handbook on Insider Trading
- Board Diversity and Its Impact on Company's Performance
- Commentary on Law Relating to Directors and KMP: An Integrated Approach
- Competition Act and Issues Pertaining to IPRs
- Guidance Note on Related Party Transactions (Revised Edition)

#### WEBINAR SERIES ON LAUNCH OF LLP MODULES IN MCA21-V3 – NEW WAY OF E-FILING

To attune members and other professionals with the new way of e-filing for LLP on MCA21 portal, the ICSI in association with MCA organized a series of Webinars. The Webinars were

addressed by Technical Experts from the Ministry as per the following schedule:

Webinar	Day & Date
I	Saturday, February 26, 2022
II	Monday, February 28, 2022
III	Thursday, March 03, 2022
IV	Friday, March 11, 2022
V	Friday, April 8, 2022
VI	Thursday, April 28, 2022

Webinars were conducted on the topic **Company Modules in MCA-21 V3** with Technical Experts from MCA to provide user awareness and preparedness pertaining to the MCA 21 V3 Company Web forms on September 17, 2022 and October 18, 2022.

### WEBINARS CONDUCTED

During the year, 14 Webinars were conducted with the intent of knowledge enhancement and upgradation of our members. Apart from these 19 Webinars were conducted jointly with ASSOCHAM and PHD Chambers as Institutional and Knowledge Partners.

### SECRETARIAL STANDARDS

- First ever Secretarial Standards Week across the country during April 18-23, 2022 with panel discussions and programmes organised by HQ, Regional and Chapter Offices.
- Three mega webinars organised on 25th, 27th and 29th August, 2022 highlighting the key aspects of Secretarial Standards/Guidance Notes issued by the ICSI.

### CAPACITY BUILDING PROGRAMMES WITH DEPARTMENT OF PUBLIC ENTERPRISES

- The ICSI in association with the Department of Public Enterprises (DPE) organised a One day Online Orientation Programme for Non-official (Independent) Directors of CPSEs on March 15, 2022.
- The ICSI in association with the Department of Public Enterprises (DPE) organized a Two Days Residential Training Programme for Company Secretaries (KMPs) of CPSEs during September 22-23, 2022 at Hotel Hyphen, Noida. The training programme was attended by more than 40 Company Secretaries from various CPSEs across India. Six Technical sessions were delivered by eminent speakers during the Training Programme.

### ICSI CONTINUING PROFESSIONAL EDUCATION - SELF ASSESSMENT MODULES

In an effort towards Continuing Professional Education of the members and facilitating the members in fulfilling the mandatory CPE Credits requirement for the FY 2021-2022, the Institute introduced a series of Online Self-Assessment Modules in the areas of expertise for the members effective till 30th June, 2022. Members were granted 5 Structured CPE Credits for each module qualified.

### ICSI CERTIFICATE COURSES

- The Institute conducted 11 Certificate Courses in pertinent subjects like FEMA, GST, IPR, IBC, Forensic Audit, Securities laws, Corporate Restructuring, Corporate Reporting, Independent Director, Commercial Contract Management, and CSR.
- Online classes of first batch of 2022 commenced on April 19, 2022. More than 1300 professionals registered across 11 Courses.
- Online session for next batch started from 1st October, 2022. More than 1100 delegates registered for the courses.
- *AWARD CEREMONY OF CERTIFICATE COURSES:*

Date	Guests	Candidates
March 30, 2022	Chief Guest: Sh. Ravinder, IAS, Secretary, Medical, Health & Family Welfare Dept., Govt. of Uttar Pradesh,  Guest of Honour: CS (Dr.) G. B. Rao, Past President, ICSI	800
August 25, 2022	Chief Guest: Sh. Mahaveer Singhvi, IFS, Joint Secretary (Counter Terrorism), Ministry of External Affairs, Govt. of India, President, ICSI	1600

### POST MEMBERSHIP QUALIFICATION (PMQ) COURSES

	Batch I	Batch II
Orientation Session	28th January, 2022	22nd July 2022
Candidates	70	77
Online web based sessions	Corporate Governance and Arbitration started from 29th January, 2022  Internal Audit from 30th January 2022	23rd July 2022
Date of Conclusion	21st March 2022	Corporate Governance and Arbitration 10th September, 2022  Internal Audit from 3rd September 2022
MCQ based assessment	18th June 2022	17th December 2022
Candidates qualified	35	Result declaration: 25th February, 2023

## ICSI CRASH COURSES

Institute conducted 11 Crash Courses till date on vital subjects such as RERA, IT Tools, ESG Analysis, Corporate Reporting, Decoding Financial Statements, Labour Laws, Secretarial Standards, MSME, Related Party Transactions, and Business Responsibility Reporting exclusively for its members. More than 1100 members of ICSI enrolled across 11 Crash Courses.

## FORMATION AND RENEWAL OF STUDY CIRCLES FOR FY2021-22

ICSI has been creating knowledge upgradation avenues for members by promoting the formation of Study Circles across country. During the period a total of 31 Study Circles were formed / renewed across four regions.

## F. STRENGTHENING SELF GOVERNANCE

**UDIN AMNESTY SCHEME 2022** was launched from March 16, 2022 to March 31, 2022. During the scheme period, over 5,000 UDINs were modified under the UDIN Amnesty Scheme.

**ECSIN AMNESTY SCHEME 2022** was launched from March 16, 2022 to March 31, 2022 to facilitate members to rectify the default in case of generation of ECSIN. During the Scheme period, 171 members availed the Scheme.

## REVISIONS AND AMENDMENTS

- i. Amended Guidelines
  - a. ICSI (Employee Company Secretary Identification Number) Guidelines, 2019. The amended Guidelines have been made effective from August 5, 2022.
  - b. ICSI (Protocol Guidelines), 2019 for the programmes organized. The amended guidelines have been made effective from November 7, 2022.
  - c. ICSI (Formation, Recognition and Functioning of Study Circle guidelines, 2019).
- ii. Revision in Services to be rendered by Company Secretaries in Practice

The Council reviewed its various decisions w.r.t. services rendered by Company Secretaries in Practice and in supersession of all earlier resolutions in this regard passed the Resolutions providing for the services which can be rendered by Company Secretary in practice.

## PEER REVIEW AND QUALITY REVIEW

- *Orientation Session on Peer Review* organized on April 7, 2022 in the online mode. CS R Sridharan, Past President, ICSI and CS V Sreedharan, Former Council Member and Member, Peer Review Committee, ICSI address the session.
- *Number of Peer Reviewed Units and Empanelled Peer Reviewers*

During the year, Peer Review of 11187 Practice Units completed and certificate issued to them and 30 members empanelled as Peer Reviewer.

- *Panel Discussion on Peer Review* organized on May 2, 2022. More than 1000 members attended Webinar.
- *Training Programme for Empanelment of Peer Reviewers* organized in Noida on May 3, 2022 and in Kolkata on June 11, 2022
- With a view to provide an insight on the Quality Review Process, the Quality Review Board, ICSI organised Orientation Session for Quality Reviewers on September 28, 2022. The session was attended by more than 800 participants.

## VIRTUAL MEETING OF PRESIDENT, ICSI WITH CHAIRMEN OF REGIONAL COUNCILS AND CHAPTERS

A virtual meetings was conducted with Chairmen of all Regional Councils and Chapters on April 26-27, 2022.

## GENERAL OBSERVER PORTAL

The General Observer Portal is a step further towards Good Governance which will empower Members by facilitating prospective Candidates to empanel themselves through the portal bringing transparency and objectivity in the process of appointment of General Observer.

The General Observer Portal will be a step towards the Digital India initiative through use of latest technology. This will also contribute to Green India Mission in minimizing use of paper.

## G. FACILITATION AND STANDARDIZATION REPRESENTATIONS

In its attempt to provide comfort to its members and greater opportunities, the Institute has been representing in placing requests before various Regulatory Authorities. During the year a total of 50 representations were made during the year as follows:

<i>Requests seeking Recognitions for CS Professionals</i>	11
<i>Relaxations and Extension in timelines/Exemptions in fees, etc.</i>	18
<i>Comments and Suggestions on policy matters</i>	10
Other matters of professional significance	11
<b>Total</b>	<b>50</b>

## PLACEMENT OPPORTUNITIES

- *HANDLING REQUIREMENTS FOR CS RELATED POSITIONS AT VARIOUS GOVERNMENT OFFICES*

Requests were received from more than 130 (one hundred thirty) offices of the MCA/CPSE/PSUs/Banks regarding the position of Company Secretary Trainees /Members from time to time and shortlisted Resumes of Members and Students were sent to them.

- *1<sup>ST</sup> INTERNATIONAL PLACEMENT DRIVE FOR YOUNG COMPANY SECRETARIES*

The Institute had organized 1st International Placement Drive in May 2022. The primary objective of the Placement Drive was to provide a platform for young Company Secretaries and to offer best talent available to

international companies/firms. More than 120 members registered and 4 members received offer in the drive.

- **CAMPUS PLACEMENT DRIVES FOR COMPANY SECRETARIES**

Details of the Campus Placement Drive organized in 2022 are as under:

Company Name	No. of Positions
Aarti Industries Limited	2 (Two)
Axis Trustee Services Limited	10 (Ten)
BEML	2 (Two)
Gujarat State Petronet Limited	2 (Two)
HPCL	2 (Two)
National Stock Exchange of India Limited	10 (Ten)
Tata Power	2 (Two)
Vedanta Limited	2 (Two)

- **MEGA PLACEMENT DRIVES**

The Institute had organized two Mega Placement Drive in the month of May and November 2022 on pan India basis in physical mode. More than 200 young members across the nation and 50 Corporates/ Firms had participated in the mega placement drives.

- **MEGA TRAINEE DRIVES/MELAS**

The Institute had organized Mega Trainee Drives/Melas in the month of March, July and September 2022 on pan India basis in physical/online mode. More than 1000 students across the nation and 100 Corporates/ Firms had participated in the mega trainee drives.

- **ICSI HR CONCLAVE – 2022**

With the intent of creating synergies with Hiring Professionals so as to create far greater opportunities for Company Secretaries, the Institute organized a series of HR conclaves on pan-India basis in association with Ministry of Micro, Small and Medium Enterprises, Software Technology Park of India (STPI), Calcutta Management Association. More than 350 HR professionals attended the Conclaves.

- **MAJOR PLACEMENTS MADE THROUGH ICSI PORTAL**

During the year, members were placed with companies like GAIL (India) Ltd., Kalinga International Coal Terminal Paradip Pvt Ltd, Vedanta Group, LIC, Haridwar Natural Gas Pvt Ltd, Svatanttra Microfin Pvt Ltd, Aequitas India Pvt Ltd, Dar Credit & Capital Ltd, T T Ltd, Mayfair Hotels and Resorts Ltd., Smifs Capital Markets Ltd., Rashmi Group, Bird Group and many more with an LPA ranging between 6-20 LPA.

- **PLACEMENT / TRAINEE DRIVES**

The Institute had organized more than 200 Placement / Trainee Drives across India for bridging the gap between Corporates/ Firms and aspiring trainees/members.

- **REGISTRATIONS AND POSTINGS AT PLACEMENT PORTAL**

(From 19th January – 15th December 2022)

Registered Users			Total No. of Vacancies	
Members	Students	Corporates	Jobs	Trainings
4236	7046	1466	1848	1436

- **OTHER INITIATIVES**

- SEBI (ICDR) (Amendment) Regulations, 2022 have recognized Practicing Company Secretaries to issue Certificate of Compliance to the Issuer Company, certifying that the proposed preferential issue is being made in accordance with the SEBI (ICDR) Regulations, 2018. In order to facilitate the members, the Institute issued a suggested format for the Compliance Certificate.
- GST Knowledge Solution namely ‘TAXO GST 360’ to provide Real time updated GST legislations with News and Expert Articles, FAQs and Case-laws, Concept clarification and Practical insights, etc.
- CSBF module and Firm Management module to allow members to apply for CSBF enrolment and Firm Registration and make other allied requests through his / her online member account at the click of a button.
- CONVERT2 XBRL Software Solution to provide facility to do XBRL Conversion for financials complying with IndAS and C&I Taxonomy, etc.

## H. ENHANCING BRAND EQUITY

### ENHANCING BRAND EQUITY

To promote brand ICSI, various image building initiatives were undertaken since the beginning of 2022. ICSI news and events were covered by the media throughout the country via Press Releases, Press Conferences, Media Interactions, Digital Platforms etc.

Particulars	Number
Press Coverage of ICSI events, announcements	350
Press Conferences	10
Exclusive Interview and Write ups of ICSI Spokesperson in Print media	14
Coverage on Electronic Media	12
Number of Videos Created for Brand Promotion	21
ICSI Talk Show - A Special Series on Company Secretaries: Enhancing Governance Empowering Corporates on CNBC TV 18	3

### SOCIAL MEDIA PRESENCE

ICSI Social Media Platforms have also played a significant role in strengthening Brand ICSI & CS Profession among the stakeholders. Information on ICSI Events and Announcements was disseminated through over 700 Posts on all ICSI Social

Media Handles viz., Facebook, Twitter, LinkedIn & Instagram. Videos of ICSI Webinars, Crash Courses & Branding were also uploaded on ICSI YouTube Channel ensuring increased reach and publicity.

Social Media Portals	Followers (till December 15, 2022)
Facebook	1,28,871
Twitter	83,665
LinkedIn (Page started from 6th June,2020)	23,714
Instagram	55,100
YouTube	
• The Institute of Company Secretaries of India	81,000
• ICSI YouTube Channel for Students	25,600

## I. INITIATIVES FOR STUDENTS

### EVENTS ORGANISED UNDER THE BANNER OF 'BHARAT KI AZADI KA AMRIT MAHOTSAV'

The Institute of Company Secretaries of India organized various Competitions for its students under the banner of "Azadi ka Amrit Mahotsav" on topics like ICSI at 2030; India at 2030, Vasudhaiva Kutumbakam, Freedom Struggle and About ICSI, Digital India and Skill India.

### ALL INDIA COMPANY LAW QUIZ-2022

With the objective to upgrade 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, the ICSI is organizing the next edition of **All India Company Law Quiz - 2022**.

### MOTIVATIONAL WEBINAR FOR STUDENTS OF ICSI

The Institute organised a motivational webinar for the students of the Institute on 5<sup>th</sup> May, 2022. Dr. Anju Sharma (IAS), Principal Secretary, Labour, Skill Development and Employment Department, Govt. of Gujarat was the speaker during the webinar.

### DIGILOCKER

With the aim to utilize the technical advancement and Digital India initiative, the Institute has envisaged to extend such benefits to its Students/Members and provide Marks Statement (Mark Sheet) and Results of CS Examinations through DigiLocker. Students can also download and save their Professional Pass Certificate from the DigiLocker at any time and from any location.

### CS TRAINEE DRIVE

- *CS Trainee Drive* organized on March 29, 2022 across 4 regional offices in physical mode. More than 120 students and 60 recruiters registered for the Mega Trainee Drives.

- *Mega CS Trainee Mela* organized on July 20, 2022 on Pan-India basis in the physical mode. More than 500 students and 250 PCS/Corporates had registered for the trainee drives at 48 locations.

### ICSI SAMADHAN DIWAS

Samadhan Diwas is an initiative by the ICSI towards the spot solution of the grievances of the trainees and trainers. The ICSI organized **Eleven** Samadhan Diwas during the year. During the sessions, Heads of the Directorate of Examination, Academics, Training and Student Services have resolved the grievances of the students pertaining to various aspects.

### TRAINING PROGRAMME FOR STUDENTS

- **2 Batches** of 15 Days e-Academic Programme including 8 Days e-EDP (3 Days e-Governance and 5 Days Skill Development Programme) were conducted during the year.
- A total of **10 batches** of 8 Hours PDP in Online mode for students of CS Executive Programme were held in 2022.
- A Training Induction Programme was organized on July 22, 2022 through virtual mode by ICSI- HQ.

### STUDENT MONTH CELEBRATED PAN INDIA IN JULY 2022

Student month was celebrated in the month of July across the country by Regional/Chapter Offices filled with activities aimed at connecting with the future professionals and generating a feeling of oneness amongst them with the Institute. Apart from various competitions and online Soft skills development Programmes, etc.; series of lectures in the memory of our past deceased leaders of ICSI were organized. The sessions were addressed by Past Presidents and Secretaries of ICSI who were joined by the family members of the deceased members.

### COMPANY SECRETARY EXECUTIVE ENTRANCE TEST (CSEET)

- *CSEET conducted through Remote Proctored mode:*

May Session	May 7, 2022
July Session	July 9, 2022
November Session	November 12, 2022
January 2023 session	January 7, 2023

- *CSEET Guide – I* (Business Communication, Legal Aptitude and Logical Reasoning, Economic and Business Environment) and *CSEET Guide – II* (Current Affairs).
- *Paper bound CSEET reading material* will be provided mandatorily to all the students at the time of CSEET registration.

### BI-WEEKLY ACADEMIC INTERACTION SESSIONS BY ACADEMIC OFFICERS

Topic wise interactive sessions on important aspects of subjects are undertaken by the Academic Officers covering key concepts, case laws, examples etc. to resolve their queries/

issues. So far, sessions have been organized on Consumer Protection Act, 2019; REITs; Fundamental Analysis; Independent Directors; Basics of Income Tax; Indian Banking Sector and MSMEs.

## OTHER INITIATIVES

- Concession in the fees payable at the time of registration in CS Executive Programme for students who lost their parents due to any reason, including COVID-19 pandemic and who have taken registration/ or will be registering in CS Executive Programme between 1st April, 2021 to 31st March, 2022.
- Executive Programme students facilitated to register directly for the Executive Programme classes at the time of Executive registration.

## J. ICSI REGISTERED VALUERS ORGANISATION

### • Online 50 Hours of Educational Courses

During the year 2022, ICSI RVO conducted 11 (Eleven) sessions of Online 50 Hours of Educational Course.

### • Continuous Educational Programme (CEP)

The ICSI RVO has conducted 12 CPEs on topics like Valuation of Intangibles, Controversial and Connivance valuations, Peer Review of Valuation, etc.

### • Certificate of Practice (COP) Programme

5 (Five) COP Programmes were conducted for Registered Valuers during the year.

### • Peer Review Workshop organized by IBBI

ICSI RVO participated in the Peer Review Workshop organized by IBBI on 21st April, 2022.

### • Refresher Course

“Refresher Course on Valuation” conducted for Valuer Member Professionals on 30th April to 1st May, 2022.

### • Webinars

During the year, 5 webinars were conducted on topics like ‘How to Access PROWESSIQ Database?’ ‘Expert Suggestions on How to Crack Valuation Examination’, etc. The webinar on “Valuer in Change: Uncertain time and certain impact” was held jointly with jointly with RICS.

### • Certificate Course on Valuation of Securities/Financial Assets

The ICSI jointly with ICSI RVO launched Online Certificate Course on Valuation of Securities/Financial Assets:

- ♦ First batch started from July 30, 2022.
- ♦ Second batch started from November 18, 2022.

### • Publications:

- ♦ Educational Material on Valuation of Land and Building Assets

- ♦ Study Material of Certificate Course on Securities and Financial Assets
- ♦ FAQs on Valuation

## K. ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS

### • LIT UP (Limited Insolvency Examination Training)

ICSI IIP organized three (3) intensive training program for preparation of Limited Insolvency Examination during the year.

### • Pre-Registration Educational Course

ICSI IIP jointly with the other three Insolvency Professional Agencies conducted seven (7) Pre-Registration Educational Course online.

### • Workshops organized

During the year, the ICSI-IIP organized 46 workshops on varied topics of professional interest pertaining to Insolvency profession.

### • Webinars Organized

A series of 9 webinars was organized on Final Word on IBC. Apart from these 6 other webinars were conducted on topics like Cross Border Insolvency and Amendments in IBBI Regulations, etc.

### • Roundtables

A total of 11 Roundtable Discussions were conducted during the year to deliberate upon the various Discussion papers rolled out by MCA, IBBI, RBI and SEBI.

### • Other Activities:

- ♦ IBBI with ICSI IIP as Lead partner in association with ICSI Chapters organized ‘Awareness Programmes on Insolvency Profession with special reference to Graduate Insolvency Programme (GIP)’ in 24 cities from June 1, 2022 -June 10, 2022 as part of AKAM celebrations.
- ♦ “E-Panel discussion” organized on August 23, 2022 on “Making IBC more effective” in association with Create & Grow Research Foundation, Knowledge Partner.
- ♦ **Compendium on Insolvency Professionals** was released on October 27, 2022 at the hands of Mr. Ravi Mittal (Chairperson, IBBI), Mr. Sudhaker Shukla (WTM, IBBI), Mr. Jayanti Prasad (WTM, IBBI), Executive Directors and senior officers of IBBI, Mr. PK Malhotra (Chairperson, ICSI IIP), Mr. GK Agarwal, (Independent Director, ICSI IIP) and renowned professional members.

## L. ICSI FLAGSHIP EVENTS

### ICSI LEADERSHIP SUMMIT - 2022

Dates and Venue: 11-13 February, 2022 at The Leela Ambience Convention Hotel (Delhi).

## ICSI CONVOCATIONS

Convocation	Date	City	Name of Chief Guest/Guest of Honor
EIRC (First Round)	June 24, 2022	Kolkata	Shri Jagdish Dhankar, Hon'ble Governor of West Bengal
NIRC (First Round)	June 11, 2022	Delhi	Ms. Charu Pragya, National Media Panelist-BJP, BJP Youth Wing - National Incharge Legal Cell & Co-Incharge - Uttar Pradesh
SIRC (First Round)	August 20, 2022	Visakhapatnam	Cmde Hemant Khatri, IN (Retd), C&MD Hindustan Shipyard Limited, Visakhapatnam
WIRC (First Round)	July 14, 2022	Pune	Dr. R. M. Chitnis, Vice Chancellor, MIT World Peace University, Pune Shri Mangesh Jadhav, ICLS, ROC, Pune
EIRC (Second Round)	January 15, 2023	Kolkata	Mr. Surajit Roy, Additional Director and Ex-Officio Additional Secretary, School Education, West Bengal
SIRC (Second Round)	January 8, 2023	Mysuru	Mr. Satish Meriga, IRS, Commissioner of Income Tax Appeal Mr. Nagaraja Gargeshwari, President & WTD, Automotive Axles Limited
WIRC (Second Round)	January 5, 2023	Mumbai	Mr. Shivam Puri, CEO - Cipla Healthcare Limited

### 3rd NATIONAL CONFERENCE OF CORPORATE CS



Date and Venue: **6-7 May, 2022** at **Kochi**

Theme: **Company Secretary: Pursuing Perfection**

Chief Guest: Shri Hibi Eden, Member of Parliament, Ernakulam, Kerala

Special Guest: Dr. K N Raghavan, IRS, Chairman, MPEDA and Tea Board of India

### PCS DAY

To commemorate its first milestone, when PCS were accorded recognition for certifying Annual Returns on 15<sup>th</sup> June, PCS Week was celebrated from 15-22 June, 2022 engaging members through Physical programmes on the topics benefitting the members.

### GST DAY 2022

Date: **July 1, 2022**

Theme: **GST: Journey of 5 Years and the Way Forward**

Speakers: CS Bimal Jain, Chairman, Indirect Taxes Committee, PHD Chamber of Commerce and Industry; CA Jatin Harjai, Advocate & Leader at JHA Legal and CS Sanjay Malhotra, Practising Company Secretary.

### 23<sup>RD</sup> NATIONAL CONFERENCE OF PRACTISING COMPANY SECRETARIES

Date and Venue: **June 18-19, 2022** at Della Resorts, Lonavala, Maharashtra.

Theme: **CS: A Preferred Professional**

Chief Guest: Hon'ble Shri Ranjeetsingh Naik Nimbalkar, Member of Parliament.

### BEST REGIONAL COUNCIL AND BEST CHAPTER AWARDS FOR THE CALENDAR YEAR 2020

### CAPITAL MARKETS WEEK 2022



Theme: **Journey towards \$5TN Economy: Indian Capital Markets @75.**

Dates: July 9-16, 2022

Inaugural: **July 9, 2022** at International Convention Hall, BSE India Limited, Mumbai.

Chief Guest: Shri S V Murali Dhar Rao, Executive Director, SEBI.

Guest of Honour: Shri Nayan Mehta, CFO, BSE India Limited.

### 50<sup>TH</sup> NATIONAL CONVENTION OF COMPANY SECRETARIES



Dates and Venue: September 1-3, 2022 at ITC Royal Bengal, Kolkata.

Theme: **CS: A Vishwaguru in Governance and Sustainability**

Chief Guest: Shri Chandra Shekhar Ghosh, MD & CEO, Bandhan Bank Limited.

### 54TH FOUNDATION DAY OF THE ICSI

Date and Venue: **October 4, 2022 at New Delhi**

Theme: **ICSI-building Governance Ecosystem for Sustainable Growth**

Chief Guest: Dr. Bhagwat Kishanrao Karad, Hon'ble MoS for Finance.

Key Note Speaker: Shri Amarjeet Sinha, IAS (Retd.), Member PESB & Former Advisor to PM of India.

### ICSI NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE, 2022

Date and Venue: **January 6, 2023 at Mumbai (Maharashtra)**

Chief Guest: Hon'ble Mr. Justice P. Sathasivam, Former Chief Justice of India.

Special Guest: Mr. Leander Paes, World Record Olympic Medal Winner.

### YUVOTSAV-2023

Dates and Venue: **January 11-12, 2023 in Delhi-NCR**

Chief Guest: Sh. Yogeshwar Dutt, Indian Wrestler, and Padma Shri Award Winner.

Guest of Honour: Prof. Nageshwar Rao, Vice-Chancellor, IGNOU.

## M. WORKFORCE WELFARE AND ENRICHMENT

### • *Webinars*

A total of 11 (eleven) webinars were conducted with the health Experts to provide first-hand information to the employees and to resolve their queries on aspects like Nutrition, Diabetes, Hair care, Breast Cancer, Hypertension, etc.

- *Eye Checkup Camp conducted at HQ and Noida in coordination with M/s. Center for Sight on April 21 and 26, 2022 respectively.*
- *General Healthcare Checkup Camp at HQ, Lodi Road*

General healthcare checkup camps were organized for the welfare of the employees:

HQ, Lodi Road	Fortis Escorts Heart Institute	June 28, 2022	43 employees
Noida	Shanti Gopal Hospital	September 9, 2022	126 employees
HQ, Lodi Road	Medanta Hospital	December 9, 2022	61 employees

- *Diwali Celebration on 21st October, 2022*

To engage employees in celebrating Diwali festival a lunch programme was organised on October 21, 2022 for all the

employees posted at HQ, Lodi Road and Noida locations and for the employees posted at CoE/ CCGRT /ROs and Chapters.

- *Training on CSBF Benefits*

A training on CSBF Membership benefits to bring more members in to the scheme was conducted for all RDs and Chapter in charges on 17th November, 2022.

- *Celebration of Birthdays of employees posted at HQ, Lodi Road and Noida*

In an initiative to celebrate the birthdays of the employees posted at HQ, Lodi Road and Noida, a common cake cutting ceremony is conducted on last Friday of every month. The ceremony was first initiated in the month of July 2022.

- *The Art of Living Programme: 2 Days Non Residential Training Programme titled "Apex Holistic Well Being" by The Art of Living Foundation was organized on March 25-26, 2022 at ICSI-Noida. Employees from the Dte. of Examination took part in the training programme. The Programme incorporated practical, simple yet highly effective methods, which draw upon ancient timeless and widely acclaimed wisdom.*
- *Workshop on 'Meditation and Breath' organized on 7&8 July 2022 at Noida Office Auditorium for the well-being of employees through Art of Living (AOL) Foundation.*

## N. ICSI SOCIAL INITIATIVES

### 73rd REPUBLIC DAY AND 76<sup>TH</sup> INDEPENDENCE DAY

To rejoice the glory of India, the Institute celebrated 73<sup>rd</sup> Republic Day on January 26, 2022 through the flag hosting at the Head Quarters, Regional Offices and Chapters Pan India. 76th Independence Day of the Nation was celebrated by ICSI at HQ Lodi Road, Regional Offices and Chapters across India with great enthusiasm and spirit. The President and Secretary ICSI also represented the Institute at the ramparts of iconic Red Fort when the Prime Minister hoisted the National Flag.

### INTERNATIONAL WOMEN'S DAY 2022

Celebrations of the International Women's Day 2022 on the 8th March, 2022 were held both at ICSI Headquarters and across various Chapters and Regional Offices of the Institute. A webinar on the topic "Women Marching Ahead: Transforming Tomorrow" was also organized. Apart from this, celebrations in the form of Panel Discussions and other deliberations on Women leadership with distinguished guests were held across the ROs and Chapters of ICSI.

### WEBINARS ON AZADI KA AMRIT MAHOTSAV

Taking forward the celebrations of Azadi ka Amrit Mahotsav, the ICSI amongst other events organized a series of webinars on the theme of AKAM. About 30 Webinars were conducted from 15th April to 15th May, 2022 on the sub-themes of *Ideas @75, Achievement @75, Action @75, Resolve @75* in association with Universities having Academic Collaboration with the ICSI. Webinars were organized in coordination with ICSI Regional Councils and Chapters for Students and Faculties of these Universities/Institutions in online as well as Hybrid mode.

### AZADI KA AMRIT MAHOTSAV EVENT OF THE MCA AT VIGYAN BHAWAN, NEW DELHI

The Ministry of Corporate Affairs organised Azadi Ka Amrit Mahotsav (AKAM) event on **June 7, 2022** at Vigyan Bhawan, New

Delhi in association with organisations under its jurisdiction. The overall organisation of the event was assigned to the ICSI. Smt. Nirmala Sitharaman, Union Minister for Finance and Corporate Affairs graced the occasion as the Chief Guest and Rao Inderjit Singh, Hon'ble MoS for Corporate Affairs & MoS (I/C) for Ministry of Statistics and Programme Implementation, Ministry of Planning as the Guest of Honour besides the presence of Shri Rajesh Verma, Secretary, MCA; Shri Sanjay Kumar, Additional Secretary & Financial Advisor, MCA; and Shri Ashok Kumar, Postmaster General (Operations), along with heads of other organizations under the MCA.

### **AZADI KA AMRIT MAHOTSAV (AKAM) EVENT ON JUNE 9, 2022 AT NEW DELHI**

The Institute organized an event under Azadi Ka Amrit Mahotsav (AKAM), a flagship initiative of the Government of India to celebrate and commemorate 75 years of progressive India and the glorious history of its people, culture and achievements on **June 9, 2022** at The Lalit, New Delhi on the theme Atmanirbhar Bharat: Vishwaguru Bharat - Creating Professionals as torch bearers of Good Governance. Several releases and two panel discussions were held during the event. Shri Kiren Rijiju, Hon'ble Minister of Law & Justice, Government of India presided over as Chief Guest and Shri Rajesh Verma, Secretary, MCA presided over as Guest of Honour at the inaugural session.

### **ICSI ACADEMIC CONNECT**

During the period MoUs under the Academic Collaborations with Universities and Academic Institutions initiative of ICSI, were signed with **22** institutions.

### **ICSI SIGNATURE AWARD**

ICSI Signature Award was presented to the Toppers of select Programmes in **18** Universities and IIMs across India in the year 2022.

### **ICSI STUDY CENTRE MOU**

**21** MOUs were signed with various Educational Institutions for creation of ICSI Study Centres.

### **CAREER AWARENESS PROGRAMMES**

A total of **56** Career Awareness Programmes were held in various schools from January-November 2022.

### **8<sup>TH</sup> INTERNATIONAL DAY OF YOGA, 2022**

In alignment with the theme of the year, Yoga for Humanity, the Institute organized a two-hour-long programme on June 21, 2022, at the ICSI Auditorium in Noida on Yoga & Wellness, where a Yoga Expert, Yoga Teacher, and Yoga Demonstrator, all from Morarji Desai National Institute of Yoga, Ministry of Ayush, conducted a live Yoga Session and raised awareness on the many benefits of practicing yoga. ICSI stakeholders from across the country joined in the celebration through online mode.

### **INVESTOR AWARENESS PROGRAMMES (IAPS) ON GYANDARSHAN CHANNEL**

The Investor Education and Protection Fund Authority (IEPFA) and Indira Gandhi National Open University (IGNOU) have signed a MoU for collaboration in utilizing the Gyandarshan Channel, IGNOU for telecast of Investor Awareness Programmes (IAPs). Further, the IEPFA has collaborated with the ICSI as a knowledge partner for providing content and Resource Persons

for the LIVE Tele-lecturing series on investor awareness started from April 1, 2022. The LIVE Tele-lecturing programmes of IEPFA on Gyandarshan Channel are telecasted twice a week i.e. on Thursday & Friday.

### **INSTALLATION OF SOLAR PANELS AT ICSI KOLHAPUR CHAPTER**

To conserve and protect natural resources for future generations and to protect human health, the ICSI as an initiative in this regard has intended to contribute to reducing global warming by installing solar panels at its various buildings. The inauguration of a new project was held at ICSI Kolhapur Chapter on August 9, 2022.

### **O. EXPANDING HORIZONS**

**ICSI CoE-Kolkata** - The Structure of both the Academic and Hostel block have been completed. Finishing work of both the blocks and external development work, are nearing completion. Installation of Air Conditioning system & lifts and interior work of Auditorium & reception at Academic block are in progress. Work for installation of roof top solar system has been awarded.

**ICSI CERT-Manesar** – Approval of Building plans from Local Authority has been obtained. Work for construction will be awarded through fresh tender process.

**ICSI HQ Noida** – Selection of Contractor for Renovation of 3rd floor and balance external development work is in process.

**ICSI CoE-Hyderabad** - In the second phase, furnishing work of one Classroom, Computer Lab, Library, Toilets and Painting work of the complete 2nd floor will be taken up after finalization of utility of the same by accommodating the activities of COE, Hyderabad Chapter and International Arbitration Centre.

**ICSI HQs Lodi Road (1st Floor)** – Renovation work of 1st Floor completed and put to use.

### **REGIONAL/ CHAPTER OFFICES**

- **ICSI-NIRC** – Rain Water Harvesting – After obtaining approval of Local Authority work has been commenced and nearing completion.
- **Bhopal Chapter** – During the year, installation of Audio visual system was done and put to use.
- **Coimbatore Chapter** – Construction of premises (G+3) commenced after approval by Local Authority. Concreting of roof slabs up to 3rd Floor completed. Brick work including internal plastering at still and 1st floor completed. Brick work at 2nd floor is in progress.
- **Kochi Chapter** – Construction of premises (G+ 1ST Floor and partly 2nd floor) commenced after soil testing & Load testing of test piles and routine load tests of piles. Piling work and casting roof slabs with post tensioning system completed. Construction of boundary wall is in progress.
- **Raipur Chapter**- Possession of a plot of 3,229 Sq.ft. taken from Raipur Development Authority (RDA) for construction of premises for the Chapter.
- **Noida Chapter** – Back Portion of Ground Floor of C-37 Noida Building has been handed to Noida Chapter. For renovation of Chapter's Premises, Architect has been appointed. Sitting plan to be finalized.
- **Visakhapatnam Chapter** - Bids in response to our Press Notice inviting Expression of Interest (EOI) issued for acquisition of premises were received. Selection of property is in process.



THE INSTITUTE OF  
Company Secretaries of India  
भारतीय कम्पनी सचिव संस्थान  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)



**Vision**

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

**Motto**

सत्यं वद। धर्मं चर। इच्छते फेद त्नाते, ब्रह्मदेव इयु फेद इव।

**Mission**

"To develop high calibre professionals facilitating good corporate governance"

# CHARTERED SECRETARY

THE JOURNAL FOR GOVERNANCE PROFESSIONALS

**Listed Under the Prestigious listing of the Journals by UGC, the UGC-CARE (Consortium for Academic Research and Ethics)**

## Benefits of CSJ listed under UGC - CARE



The Journal will promote academic and research integrity



Publication of articles in the Journal will be useful for all academic purposes



It will enhance the quality of research and education



The Journal will qualify to achieve the higher Global ranks and enhance the image of our Institute as well as our Nation

Connect with ICSI

[www.icsi.edu](http://www.icsi.edu)



Online Helpdesk : <http://support.icsi.edu>

# Call for Articles

## Call For Articles/Research Papers in CS Journal – February 2023 Issue

We, invite Articles/ Research papers/ Manuscripts to be published in 'Chartered Secretary' with the objective of creating proclivity towards research among its Members both in employment and practice. As views of authors and scientific approach towards an issue are necessary for arriving at concrete solutions, whether it is engineering, management, law, medicine, etc. and without proper research, it is almost next to impossible to ascertain the solution of a problem. Keeping in view the above, 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 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 paper 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 **Monday, January 30, 2023** at [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu) for the February 2023 issue of Chartered Secretary Journal.

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

All the contributions in form of Articles/Research Papers 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/ Research paper will vest with the institute without assigning any reason.

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

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 [nitin.jain@icsi.edu](mailto:nitin.jain@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.
  - d. the views expressed in this article are not necessarily those of the Institute or the Editor of the Journal.
3. I undertake that I:
  - a. comply with the guidelines for authors,
  - b. shall abide by the decision of the Institute, i.e., whether this article will be published and/or will be published with modification/editing.
  - c. shall be liable for any breach of this 'Declaration-cum-Undertaking'.

Signature

# 1

## ARTICLES



- INVESTORS AND PROXY FIRMS ARE CHANGING THE INDIAN CORPORATE GOVERNANCE LANDSCAPE
- STEWARDSHIP AND PROXY ADVISORS : QUALITY ENHANCERS IN GOVERNANCE
- THE ROLE OF PROXY ADVISORY FIRMS
- PROXY ADVISORY FIRMS IN INDIA: THE IMPACT AND THE WAY FORWARD
- GROWING ROLE OF PROXY ADVISORY FIRMS AS STEWARDS
- UNDERSTANDING PROXY ADVISORY FIRMS
- ROLE OF STEWARDSHIP AND PROXY FIRMS IN STRENGTHENING CORPORATE GOVERNANCE

# Investors and Proxy Firms are Changing the Indian Corporate Governance Landscape

Stewardship refers to investors' engagement with investee companies on corporate governance and ESG issues that encourage long-term value creation for shareholders. This can take the form of voting on shareholder resolutions and / or direct communication with investee companies.



**Hetal Dalal**

President & COO  
Institutional Investor Advisory Services  
Mumbai  
[hetal.dalal@iias.in](mailto:hetal.dalal@iias.in)

## INTRODUCTION

The UK Stewardship Code was the first after the global financial crisis. Over the years, several western markets adopted the concept before it spread to Asia. There are two ways in which stewardship codes are adopted – in some markets there is voluntary adoption by a set of asset management firms; in others, it is mandated through regulation. India has taken the regulatory route.

## STEWARDSHIP IN INDIA OVER THE YEARS

In India, the first sign of stewardship was in 2010, when SEBI asked mutual funds to publish their voting policies. This was at a time when voting participation was abysmally low and was by show of hands. Because voting was by show of hands, the votes were weighed by the number of shareholders that attended a general meeting, rather than the size of the shareholding behind the votes. The 2010 SEBI regulations had negligible impact given the environment at that time. In a further push, in 2012, SEBI asked mutual funds to publish their votes on shareholder resolutions. But given that the outcome continued to be by show of hands, and that the market was still at the early stages of understanding its stewardship responsibilities, the second set of regulations too had marginal impact.

However, things changed in 2014. SEBI brought in e-voting, which ensured that the outcome of shareholder resolutions was weighed by the number of shares held, and it allowed greater participation since physical presence at the general meeting was no longer required. SEBI asked mutual funds to

disclose not only their votes on shareholder resolutions, but also the rationale for their voting – which meant that even an abstention needed to be explained. Given these contours, mutual funds began to vote on shareholder resolutions and effective participation began increasing.

In 2016, PFRDA compelled pension funds to vote on shareholder resolutions. But PFRDA was different from SEBI – it recommended that all pension funds vote in consonance. For this, pension funds had to operate like bank consortiums, and coordinate how they were going to vote on shareholder resolutions. This was not SEBI's mandate – SEBI did not require mutual funds to coordinate their voting.

In 2017, IRDA took a step ahead of both SEBI and PFRDA – it recommended that insurers draft stewardship codes. Up until then, stewardship was exercised in the form of voting on shareholder resolutions. With the requirement of a stewardship code, insurers were required not only to vote on shareholder resolutions, but also engage with investee companies. For the insurance sector, this was a radical change.

### What is a stewardship code?

The purpose of mandating a stewardship code is to publicly describe the approach taken by institutional investors in their decision making to enhance corporate governance practices in their investee companies and provide better returns to the ultimate beneficial owners. A typical code would include managing conflicts of interest, devising internal policies and processes to apply the code, utilizing third-party professionals, monitoring investee companies, escalation procedures, engagement strategies, collaboration with other institutional investors, identifying areas where specific monitoring is needed, proxy advisor oversight, reporting and disclosing voting policies, and periodic review of policies. These help to raise awareness among both internal and external stakeholders of an institutional investor, including the investee companies.

In 2018, PFRDA too asked pension funds to adopt a stewardship code. In 2019, SEBI as the dominant securities market regulator, asked mutual funds and AIFs to adopt a stewardship code as well. In 2022, SEBI insisted that mutual funds were required to vote on all resolutions – which made abstaining from resolutions difficult.

**Exhibit 1: Stewardship Principles of IRDAI, PFRDA and SEBI**

IRDA	PFRDA, SEBI	Principle
1	1	Formulate a policy on the discharge of stewardship responsibilities and publicly disclose it
2	2	Have a policy on managing conflicts of interest in relation to stewardship and disclose it publicly
3	3	Monitor their investee companies
4	4=	Establish clear guidelines on when and how they will escalate their stewardship activities
5	4=	Be willing to act collectively or collaborate with other investors where appropriate
6	5	Have a clear policy on voting and disclosure of voting activity
7	6	Report periodically on their stewardship and voting activities

Source: IRDA, PFRDA, SEBI websites

**Want to become a stewardship professional?**

While global asset managers have been signatories of stewardship codes for a long time, in India this is a relatively new function. As a result, these skills are not readily available in India. Professionals in this role – both on the asset management side and the investee company side – are learning the ropes as they go along. Experiences and failures tend to be the learning drivers. While the role is at a nascent stage (and is yet to develop into a formal function), its need is undisputed. Professionals that enter this space early are likely to have a stronger growth path and the opportunity to make an impact.

Several global courses (and a handful of domestic ones) focus on ESG but the stewardship function extends beyond ESG. A recently formed global initiative – the StePs programme, (disclosure: I sit on the board of the foundation) for instance is aimed at certifying professionals in the stewardship function. The programme has its proprietary courses and gives credits for other courses already taken by candidates. Professionals interested in pursuing the stewardship function can find more information on <https://stewardship-professionals.com/>.

**THE ADVENT OF PROXY ADVISORS IN INDIA**

Institutional Investor Advisory Services India Limited (IiAS) was the first proxy advisor to register itself in June 2011 and that became the start of the proxy advisory industry. This was at a time when voting on shareholder resolutions was by show of hands. However, over time, as voting on shareholder resolutions entered the consciousness of domestic asset managers and e-voting empowered them, the role of proxy advisors came to the forefront.



Proxy advisors have been instrumental in bringing the corporate governance debate to the forefront. Their main service is providing recommendations on how institutional investors must vote on shareholder resolutions. Their largest customer base is the asset management industry – including (but not limited to) mutual funds, pension funds, insurance companies. Proxy advisory firms are required by the regulations to publish their voting guidelines – these are frameworks that provide clarity on how proxy advisors reach a decision to recommend voting FOR or AGAINST a particular shareholder resolution. Proxy advisors have different voting guidelines and therefore their recommendations need not be aligned across the same resolution.

With significant advocacy work, proxy advisors have been able to effect regulatory change. IiAS' annual reports on cash hoarding by companies led to SEBI mandating the top 1000 companies to publish a dividend distribution policy. IiAS' annual publication on royalty payments by MNCs led to SEBI mandating that royalty payments in excess of 5% of revenues required a separate shareholder approval under the umbrella of related party transactions (through the Kotak Committee recommendations).

Proxy advisors have also been instrumental in calling out companies and their promoters for transactions and practices that are prejudicial to the interest of minority shareholders. This advocacy has been ably supported by the Indian media that provides another set of push back in such instances.

The Indian proxy advisors operate differently from the global ones. Globally, proxy advisory firms hold investors' proxies and therefore will vote the shares based on their recommendations. However, this is not allowed under Indian regulations. Proxy advisors in India do not hold investor proxies – they provide advice and recommendations, but it is up to the investors to cast their votes accordingly.

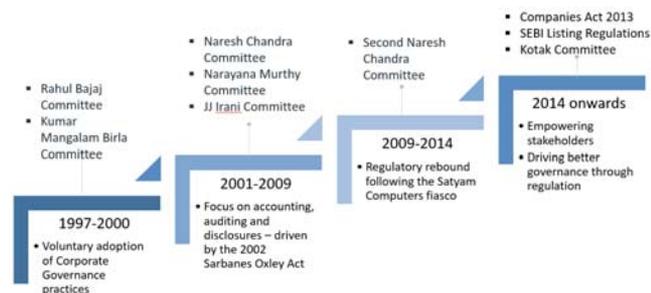
Given the growing influence of proxy advisors, SEBI decided to regulate them under the SEBI (Research Analysts) Regulations, 2014. Today, there are three domestic firms (of which IiAS is one) and one global firm that are registered with SEBI as proxy advisors. Subsequent to this regulation, SEBI has published procedural guidelines for proxy advisors in August 2020.

## THE CHANGING CORPORATE GOVERNANCE LANDSCAPE IN INDIA

The corporate governance landscape has changed dramatically since the advent of proxy advisors. While proxy advisors have made a significant impact, the other key stakeholders that have been instrumental in influencing these changes are Regulators, investors and the media.

We are currently in the fourth generation of governance reforms. Regulatory reforms have changed from initially being voluntary adoption of codes, to mandatory requirements – enforced through Clause 49 of the Listing Agreement and Companies Act (1956 and 2013). The new reforms are focussed on empowering investors. While the Companies Act 2013 has brought in provisions relating to class action suits, SEBI has tightened the governance expectations through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The regulations on related party transactions Through the majority of minority vote have not only curtailed financial leakages, but also brought to light the number of business adjacencies being held in promoter-controlled companies. SEBI has also used disclosure as an effective form of enforcement.

### Exhibit 2: The fourth generation of governance reforms



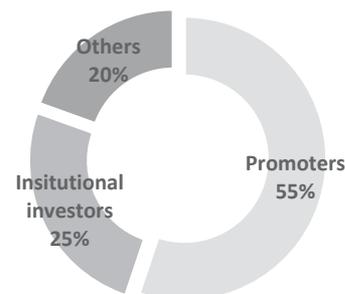
Source: IiAS research

Investors have played a critical role in establishing governance structures along with proxy advisors. Asset managers, from choosing to abstain more often than not in the early years, are now becoming increasingly vocal. As compared to before, more than 75% of the capital is being voted upon.

Asset managers also recognize that voting on shareholder resolutions is not sufficient to influence change – and they are increasingly using engagement as a method to effect better corporate behaviour. As a result, one company that announced a royalty payment to its parent company for the use of the brand had to withdraw this decision within 24 hours after significant investors push – which was also demonstrated in an immediate decline in the stock price. There are three directors that resigned on the morning of the AGM in which they were being reappointed – following the push back from proxy advisors and investors to their directorships.

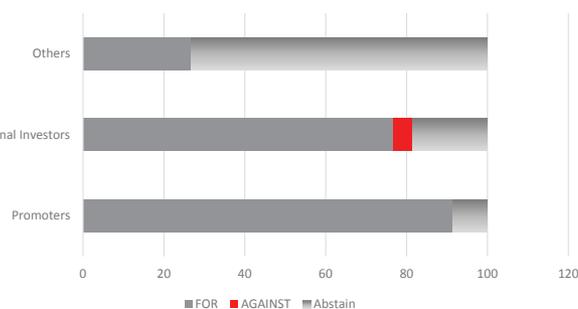
Effecting changes in corporate behaviour is difficult in the Indian context because of the nature of the shareholding. About 55% of the shares are held by promoters, about 25% by investors and the rest by retail and other body corporates. As a result, ordinary resolutions tend to pass easily. Even so, by and large, companies are getting more sensitive to the reaction of both, proxy advisors and investors.

### Exhibit 3: Ownership structure of Indian listed companies (FY22)



Source: IiAS research

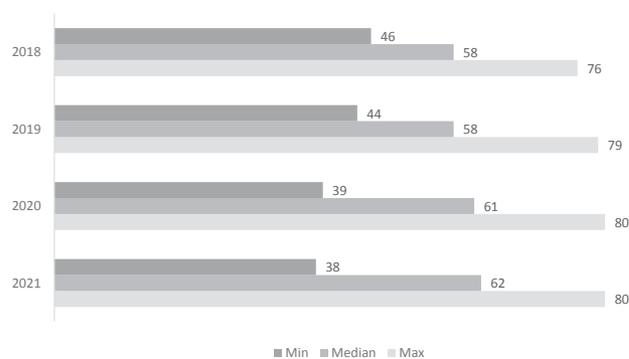
### Exhibit 4: Voting patterns of the shareholder groups in FY22



Source: IiAS research, [www.iiasadrian.com](http://www.iiasadrian.com)

Corporate Governance standards in India are improving. For the past six years, IiAS has been evaluating the S&P BSE 100 index constituents on the IFC-BSE-IiAS Indian Corporate Governance Scorecard. Over the four years between 2018 and 2021<sup>1</sup>, scores of S&P BSE 100 companies have improved as has the overall distribution of the scores. Given that the S&P BSE 100 index constituents account for over 70% of total market capitalization, it is a reasonable representation of the overall market performance.

### Exhibit 5: Scores of S&P BSE 100 index constituents on the Indian Corporate Governance Scorecard



Source: IiAS research; <https://www.iiasadvisory.com/governance-Scorecard>

1. 2022 assessments are under way and its results have not yet been published by IiAS



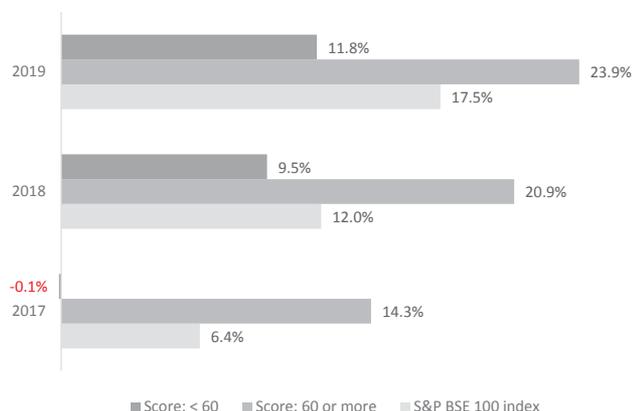
Investors are moving beyond discussing governance and are focussed on ESG, with several ESG funds being created. Proxy advisors are working with investors in helping them assess ESG performance of companies and helping them embed ESG metrics into their investment decisions.

- 2018: Stock price performance analyzed from 1 November 2018 to 29 October 2021
- 2019: Stock price performance analyzed from 1 November 2019 to 29 October 2021

## GOVERNANCE MATTERS

IiAS' assessment of companies on the Indian Corporate Governance Scorecard shows that those that scored 60 and above (considered well-governed) had lower stock beta and better price performance that those that scored less than 60 – at a portfolio level. While individual companies may be an exception, by and large our research establishes that markets reward good governance.

**Exhibit 6: Price performance of companies evaluated between 2017 and 2019 on the Indian Corporate Governance Scorecard**

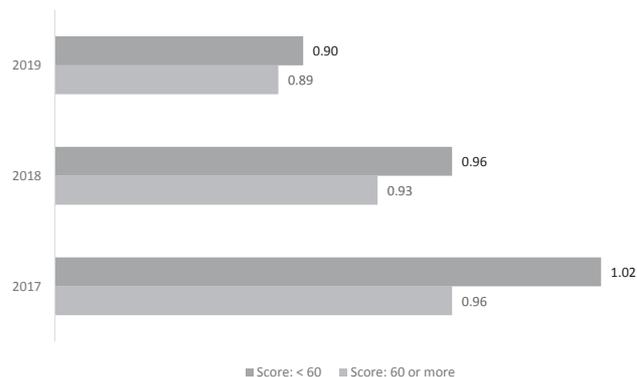


Source: IiAS research; <https://www.iiasadvisory.com/governance-scorecard>

Notes:

- 2017: Stock price performance analyzed from 1 November 2017 to 29 October 2021

**Exhibit 7: Stock beta of companies evaluated between 2017 and 2019 on the Indian Corporate Governance Scorecard**



Source: IiAS research; <https://www.iiasadvisory.com/governance-scorecard>

Notes:

- 2017: Stock beta performance analyzed from 1 November 2017 to 29 October 2021
- 2018: Stock beta performance analyzed from 1 November 2018 to 29 October 2021
- 2019: Stock beta performance analyzed from 1 November 2019 to 29 October 2021

## CONCLUSION

Investors are moving beyond discussing governance and are focussed on ESG, with several ESG funds being created. Proxy advisors are working with investors in helping them assess ESG performance of companies and helping them embed ESG metrics into their investment decisions. While E and S of the ESG are still not within the regulatory purview of shareholder approval, we expect engagement between asset managers and companies to increase multi-fold with discussions on some of these long-term risks.

# Stewardship and Proxy Advisors : Quality Enhancers in Governance

'Perception driven Valuation' via 'Collaborative Stewardship' – Many listed entities have begun actively making efforts to set the narrative right from the start rather than firefighting shareholder questions later on as they are now beginning to realize the power of collaborative strength that the Stewardship Codes introduced by IRDAI, SEBI and PFRDA bestow upon them.



**J. N Gupta**

Co-Founder and Managing Director  
Stakeholders Empowerment Services.  
Mumbai  
[jng@sesgovernance.com](mailto:jng@sesgovernance.com)



**Navaneet Desai**

Research Analyst  
Stakeholders Empowerment Services - India's 1<sup>st</sup> non-profit Corporate  
Governance Advisory firm  
Mumbai  
[navaneet.desai@sesgovernance.com](mailto:navaneet.desai@sesgovernance.com)

## INTRODUCTION

In the past decade, perceived notions on the concepts of 'corporate governance' and 'stewardship' have significantly evolved in India. While the Satyam Scandal of 2009 was a turning point, SEBI's mandatory mutual fund voting requirements of 2010 was the trigger that thrust these concepts from literature into practical implementation and it is only now that these concepts have grown beyond the evolution phase and have entered a growth phase, as the domestic financial markets are gradually waking up to the broader meaning behind these concepts and their implications on the whole financial ecosystem.

But what is this broader understanding of the two concepts that the markets are suddenly realizing? Has there been a recent change in the meaning behind these two terms

globally? The answer is No – across academia, one may find that the many interpretations and definitions for the above two terms – have almost always ultimately converged on similar respective meanings for years, and yet it is only now that we are starting to witness that managements of listed entities have also started paying heed to how institutional investors actually vote in shareholder meetings (along with their rationale) and not just what they have to say during investor meetings and earnings calls.

What has changed? While it is difficult to pin point, yet it is not impossible to weave a nest of possibilities around the changes. One is the raft of regulatory changes in the last decade or so.

This trend – of managements of listed entities actively taking issues of corporate governance and stewardship seriously – alone is quite surprising given that most Indian listed entities, being promoter dominated, rarely have difficulty in getting their proposals passed in shareholder meetings. The fact remains that even today, the average institutional shareholding across the top 500 listed entities in India is less than a third. So, what has changed that is now making listed entities look up and take notice? The answer probably lies in a combination of factors that might be making them nervous:

**'Perception driven Valuation' via 'Collaborative Stewardship'** – Many listed entities have begun actively making efforts to set the narrative right from the start rather than firefighting shareholder questions later on as they are now beginning to realize the power of collaborative strength that the Stewardship Codes introduced by IRDAI, SEBI and PFRDA bestow upon them under Principle Four –

*Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.*

There are many styles of engagement that institutional investors undertake to fulfil their fiduciary duties when it comes to monitoring their investee companies, but it has been observed that collective/collaborative engagements often are the most effective form of intervention.<sup>1</sup> Otherwise, how can one explain the last year's defeat of a proposal relating to the MD re-appointment in a Nifty 50 company (where typically, the shareholding pattern is quite diversified) on want of clarity with regards to the MD's remuneration?

<sup>1</sup>. *The Investor Forum (2019), Collective Engagement: An essential stewardship capability. Available at: [www.investorforum.org.uk/wp-content/uploads/securepdfs/2019/11/The-case-forcollective-engagement-211119.pdf](http://www.investorforum.org.uk/wp-content/uploads/securepdfs/2019/11/The-case-forcollective-engagement-211119.pdf)*

The perception formed by the questioning from even a single investor in public forum, rubs off on other investors who quickly catch on to the implications of the issues raised. Before long, the listed entity finds itself having to prepare a standard answer to the same questions posed by multiple investors.

**FII/DII that buy into the Indian Growth Story** – Many opine that an increase in the institutional shareholding (especially FIIs) in listed entities is perceived as a double-edged sword by their managements. While any outperformance attracts those FIIs/DIIs that don't see rich valuations as hurdles in the overall scheme of the Indian growth story, thereby enticing and slowly nibbling away at retail shareholding, but at the first sign of any governance or transparency related trouble, these same FIIs/DIIs are less forgiving than retail shareholders at AGMs. Thus, listed entities, who till then, took granted the cushion of indifference that retail shareholders provided them, suddenly realize that going forward such cushion size may keep on decreasing with continuing equity infusions and/or sustained sector outperformance.

**The helping hand of Proxy Advisors** – While the three domestic proxy advisors in India have been around for over a decade, it is only recently that the listed entities have started realizing about the role played by these advisors. While no stakeholder disputes their role, the question on the nature of their significant influence over institutional investors has been widely debated. It is this influence, which at one point of time was an irritant to corporate India that lead to questions about the policies, capabilities and responsibilities of these entities. This irritant led to the formation of a committee by SEBI to review the workings of these entities. The report of this committee resulted in, apart from already being regulated under SEBI Research Analyst Regulations since 2014, SEBI coming up with procedural guidelines<sup>2</sup> for them in 2020 that now require them to disclose their voting guidelines along with processes / methodologies in public domain and also allow companies to revert with comments and clarifications to the proxy advisors' recommendations. However, there exists a general perception of them being likened to a thorn in the way of management's proposals during shareholder meetings.

It is quite important to note that while it may appear that this perception has only crept up in the recent years, the fact is that there was no cause of irritant earlier, as no scrutiny was being done by independent providers. Is scrutiny by independent advisors enough to cause such reactions? Here, one must ask - what changed in addition to independent scrutiny so much in couple of years that these entities are now suddenly finding about these thorns when they have been in place for over a decade. Did they change their inherent nature and processes? Or did the overall regulatory landscape shift? While the authors cannot comment upon any inherent changes brought about by other proxy advisors in their processes, in the case of Stakeholders Empowerment Services (SES), of which they are employees, the authors can confidently say that SES did not have to make any major changes in its processes or disclosures even post the introduction of SEBI's procedural guidelines in 2020.

In the authors' opinion, the mandatory introduction of the stewardship code to all asset owners of equity had a cascading effect of them stepping up their stewardship efforts in earnest as part of their compliance.

In addition, failure of a few noteworthy resolutions, coupled with few others barely scraping through was a wake up call, and no one likes their sleep to be disturbed, hence - the thorn. This has sensitized companies to possible criticism of proxy advisors to their proposal, followed by possible questioning from investors and finally, a possibility of failure of resolutions has made companies keep track of recommendations of proxy advisors. And companies are interacting more and more with Proxy Advisors.

SES data on its addendum reports is testimony of the change. Since its inception, SES has been following a policy of publishing an addendum report every time any company reverts to SES with its clarifications/comments. The authors believe that the data on the number of addendums issued is a decent measure to assess the behavioural change of the listed entities since proxy advisory industry in India came into existence.



In 2018, the response of these listed entities as a percentage of the total proxy reports released by SES was 6.71%. However, in 2022 the same percentage has increased by almost three times to 19.86%.<sup>3</sup> Although the number of listed entities covered by SES has remained relatively in the same range, however, addendums issued by SES have increased every year, both in relative and absolute terms, indicating that the entities have been sensitized about usage and importance of these Reports by investors and are impacted by the recommendations made by the Proxy Advisors.

## INTERACTION IMPACT - CHANGES IN RECOMMENDATION

'Have these interactions and addendums in any manner benefitted the Company or investors?' – is a logical question to be asked. The data answers a lot many of such questions and is quite revealing. Firstly, the prime objective is met, as these reports were taken note by companies, read in detail and responded to by companies. Such increase in number of addendums establishes that companies are taking observations made in these reports seriously and using the opportunity to express their view, unhappiness or put forth their counter points – a welcome change from 2012, when proxy advisors were ignored by companies as if their opinion did not matter.

In almost all such cases, companies requested SES to have a relook and change their recommendation from negative to positive. Did SES do it? Not in all cases. SES changed its

<sup>2</sup> SEBI Circular dated 3rd August, 2020 - Procedural Guidelines for Proxy Advisors. Available at: [https://www.sebi.gov.in/legal/circulars/aug-2020/procedural-guidelines-for-proxy-advisors\\_47250.html](https://www.sebi.gov.in/legal/circulars/aug-2020/procedural-guidelines-for-proxy-advisors_47250.html)

<sup>3</sup> SES Research Report dated 21st October, 2022 - Corporate Governance & Proxy Advisory – An Impact Analysis 2022. Available at: [https://www.sesgovernance.com/pdf/1666935671\\_Corporate-Governance--An-Impact-Analysis\\_PA-Season-2022.pdf](https://www.sesgovernance.com/pdf/1666935671_Corporate-Governance--An-Impact-Analysis_PA-Season-2022.pdf)

recommendation in 62 cases in 2022 and not in all cases. The next question would be – Did SES make a mistake in its initial analysis in these 62 reports? Answer is an emphatic No – **not even a single change in recommendation was made on account of SES mistakes / misinterpretation.** All changes were done on account of additional disclosures made. Changes were made mainly relating to:

- Financials of Subsidiaries uploaded on website.
- Remuneration of Auditors.
- Change in designation of Directors.

Therefore, a positive end impact is the enhanced disclosures by listed entities.

## INDEPENDENT ANALYSIS BY INSTITUTIONAL INVESTORS

An extremely important question is - Are proxy advisory companies dictating behaviour of investors? Are they becoming a supershareholder? The answer is in the negative as the data in the graph below reveals. The voting pattern and results clearly establish that investors are taking their independent decision in the matter and not blindly following advice of proxy advisors - which is the right approach, as advisory is a supplementary information in addition to inhouse research of investors. Additionally investors might be using the reports and negative observations to interact with companies and voice their dissatisfaction, while still voting in favor, as the idea is not to disrupt but gradually move to better governance. In that respect, it can be said that investors are being better equipped by proxy advisors to discharge their stewardship responsibility.



As per data gathered by SES from around top 800 listed entities by market capitalization, one can clearly observe the increase in the proposals rejected during the past eight years. 47 proposals were rejected by shareholders during 2022, as compared to only 11 in 2015. This is an increase of 4x during the past 8 years.

While SES recommended AGAINST a much larger number of proposals, however, those defeated remained only a handful. Further it is not a case that only those resolutions, where SES recommended AGAINST failed. On the contrary, few resolutions where SES had recommended FOR were also defeated.

The objective of a proxy advisory recommendation has never been to get resolutions defeated and cause turmoil, it is rather to bring to fore governance issues, enabling investors to take appropriate decisions and discharge their stewardship activity. Many governance issues can be solved by dialogue between investors and entities, without going to the extreme

There are many styles of engagement that institutional investors undertake to fulfil their fiduciary duties when it comes to monitoring their investee companies, but it has been observed that collective/collaborative engagements often are the most effective form of intervention.

of defeating a resolution. Secondly, an outcome of voting is resultant of actions of many investors including retail. Investors are primarily guided by their own research as they also have an objective to protect their investments. Disruptions may cause losses, hence investors mostly take negative opinions of advisors into account and engage with the entity.

## ARE INVESTORS HAPPY WITH GOVERNANCE AT COMPANIES?

On the surface – yes, as only a small fraction of resolutions get defeated. Is this the correct picture? Certainly not. A low number of resolutions defeated does not tell the complete story as it is not reflective of the angst or displeasure of investors, as in most entities, promoter ownership is 50% or more, thus making it impossible for any ordinary resolutions to fail. This, coupled with low retail participation makes it easier to pass even special resolutions.

As per trends in voting patterns observed by SES, it certainly wouldn't be farfetched to say that public shareholders do not shy away from voting against an entity's proposal wherever necessary, and yet, the ground reality remains that, in most cases, they are not successful in their efforts.

## ARE PROXY ADVISORS CREDIBLE?

From stakeholders' perspective, this is probably the most important question. And probably the most difficult as well. Because, as far as companies are concerned, *ab initio*, a sort of adversarial position manifests as and when a negative recommendation is given. And from investors' perspective, it creates a dilemma - as a negative observation is made on their investee companies, forcing them to not only review their investment, assess the risk and act, resulting in increased work load. Such a negative opinion is misplaced and can be converted into a positive one once stakeholders' start looking at proxy advisors akin to a pathological laboratory which only gives out an analytical report on the bloodwork it observes.

Credibility of proxy advisors depends on their consistency, transparency, freedom from conflict, and above all independence. While each one of the proxy advisory companies would want to boast scoring a perfect 10 on all these parameters, unfortunately more than self-evaluation, which may not look credible, it is the evaluation by the market that determines credibility. It would be extremely difficult for anyone, including SES, to say that it is more credible than the others. Market participants can & must evolve their own evaluation systems and decide.

## ROLE OF PROXY ADVISORS – IN A NUTSHELL

As the shareholder activism surged in recent years, it appears that Corporate Governance is becoming a focal point for the listed entities. Their increasing response to the Proxy Advisory Reports corroborates this proposition. Companies now appear to be engaged in better corporate governance practices, and appear to be taking efforts to make transparent disclosures for benefit of shareholders. Companies are now getting sensitive towards negative opinions and are taking efforts to correct their image.

Should proxy advisors beat their own trumpet and take credit? Certainly not – as the main credit goes to regulatory changes and increased investor participation, and SES and other Proxy advisors have played a supporting role in Shareholders engagement as well as sensitising corporates to good governance practices.

## CONCLUSION

### Looking Ahead – Themes at play

#### Pivot to holistic stewardship across asset classes

Currently, the regulatory mandate of stewardship in India only applies to listed public equity. But globally, the concept of stewardship is applied more broadly by covering many asset classes including corporate fixed income, sovereign debt, private equity, real estate investments as well as fund investments.

Voting at shareholder meetings is just one element of stewardship. Engagement and intervention can be carried out across a full range of asset classes. While in case of other asset classes, no political voting rights are available for investors, the threat of sanction of exiting a position or being unwilling to invest in future opportunities subsists. That in itself is a cogent threat in most situations (especially if the asset owner is a large one) and is certainly enough for the investor's counterparty to pay attention to concerns that are raised.<sup>4</sup>

Now, it would be unreasonable to expect stewardship regulations for all such asset classes, given the fact that enforcing such mandates would be almost impractical and would be met with fierce resistance, and rightly so.

The authors are of the view that the regulators ought to set the tone and nurture the ecosystem in such a way that incentivises the asset owners to opt for such practices rather than shun them out of fear of compliance burden. Bringing about such a change will require co-ordinated efforts from all stakeholders that will ensure that such practices are adopted in a glide path manner instead of a sudden knee jerk reaction to a potential legal mandate.

#### Enhancement of reporting activities & Integration of sustainability into stewardship

It is important to note that most stewardship codes around the world, including that of India, are modelled on the 2010/2012 UK Stewardship Code, which can be safely called The Mother Act. No legislation is cast in stone and evolves over the time. The UK Stewardship Code itself has now undergone a complete revision in 2020, enlarging principles from 7 to

12. The biggest change is the shift from focus only on policies to actual annual stewardship reporting disclosures. Preparing policy is the lowest hanging fruit. Now, investors in UK are expected to report annually on activity, and most importantly, on outcomes from that activity.

Merely reporting on engagement activities is no longer enough; each of the new principles has interlinked outcomes that must be reported on, and require concrete examples of what has been achieved practically for clients and beneficiaries. Signatories will no longer fulfil the demands of the Code by publishing policy statements filled with ambitious assertions, instead they must deliver practical effects from their actions.<sup>5</sup>

Furthermore, the revised UK code requires the integration of ESG factors into the investment processes. A recent study finds that ESG engagement leads to a reduction in downside risk and that the strength of this effect is directly linked to how successful the engagement is.<sup>6</sup>

The authors are of the view that the current Indian regulatory reporting requirements under the stewardship code, including compliance requirements, might need a thorough relook, especially when global investors have already started the process of shifting to an outcome based reporting on stewardship activities. Such a revision would serve twin objectives. *Firstly*, the ultimate beneficiaries, whose money these investors manage (whether domestic or foreign), would be rewarded with a higher level of transparency with regards to the management of their money, thereby increasing credibility in the latter. *Secondly*, global investors would appreciate such maturity from a leading emerging economy, thereby incentivizing investment opportunities in India.

#### Need for greater Retail Shareholder Participation

While institutional investors' participation has increased from 73% in 2018 to 82% in 2022, on the contrary, retail participation has decreased from 32% in 2018 to 28% in 2022 mainly due to absence of regulatory dictate and various other issues such as lack of incentive to vote/ absence of proper education/ information and ease of voting.<sup>7</sup> Reduction in retail participation is majorly seen in last three years, this could possibly be due to the fact that physical AGMs have not been convened during 2020, 2021 and 2022; consequently, regular retail shareholders who used to attend AGM in person have not attended the virtual AGMs held.

This is a worry for SEBI as, despite all efforts, Retail investors' participation remains subdued. Further, as many retail investors are participating through Portfolio Management System ('PMS') routes and PMS are not voting, growth in retail participation appears to have flatlined. Voting by PMS is one area through which the regulator can augment retail participation by mandating voting for PMS holders. 

<sup>5</sup> UK Financial Reporting Council - The influence of the UK Stewardship Code 2020 on practice and reporting. Available at: [https://www.frc.org.uk/getattachment/de8c91f5-c2cb-4b8b-9a98-34c31f382924/FRC-Influence-of-the-Stewardship-Code\\_July-2022.pdf](https://www.frc.org.uk/getattachment/de8c91f5-c2cb-4b8b-9a98-34c31f382924/FRC-Influence-of-the-Stewardship-Code_July-2022.pdf)

<sup>6</sup> Hoepner, A.G.F., Oikonomou, I., Sautner, Z. et al. (2018) - ESG shareholder engagement and downside risk. AFA 2018 paper. Available at: <https://ssrn.com/abstract=2874252>

<sup>7</sup> Supra at Note 3

<sup>4</sup> Official Training Manual on ESG Investing, CFA Institute. Page 276 (3rd Edition)

# The Role of Proxy Advisory Firms

Proxy advisory firms started offering vote recommendation reports for corporate shareholder meetings to institutional investor clients from the year 2010. InGovern Research Services (InGovern), Institutional Investor Advisory Services (IIAS) and Stakeholder Empowerment Services (SES) are home grown proxy advisory firms. Proxy advisory firms provide independent and unbiased recommendations to shareholders on matters related to corporate governance, such as executive compensation, board composition, director appointments and mergers and acquisitions. Proxy advisory firms review and analyze the information provided by companies and offer recommendations on how shareholders should vote on various proposals in the meeting notice. These vote recommendation reports play an important role in helping institutional shareholders take informed decisions and thereby promoting good corporate governance practices in India.



**Shriram Subramanian**

Founder and MD, InGovern Research Services Pvt. Ltd.  
Bengaluru  
[shriram@ingovern.com](mailto:shriram@ingovern.com)

## INTRODUCTION

In the past few years, many companies including leading companies like Eicher Motors, Britannia, HDFC, etc have seen their proposals being defeated when put to vote by shareholders. This shareholder activism has made corporate India more conscious of shareholders' interest to ensure functioning of the company in a well governed manner. Informed investors are not only interested in wealth creation but are increasingly making companies accountable from corporate social responsibility and governance perspectives.

In February 2010, SEBI heralded a significant change by making it mandatory for domestic mutual funds to adopt a voting policy and vote at shareholder meetings. These shareholder meetings, in the form of AGMs, EGMs, Postal Ballots and Court Convened Meetings are a point of decision making for all shareholders. Proposals put forth by the Board of Directors are voted on by shareholders.

Proxy advisory firms started offering vote recommendation reports for the shareholder meetings to institutional investor clients from the year 2010. InGovern Research Services (InGovern), Institutional Investor Advisory Services (IIAS) and Stakeholder Empowerment Services (SES) are home grown proxy advisory firms. Proxy advisory firms provide independent and unbiased recommendations to shareholders on matters related to corporate governance, such as executive compensation, board composition, director appointments

and mergers and acquisitions. Proxy advisory firms review and analyze the information provided by companies and offer recommendations on how shareholders should vote on various proposals in the meeting notice. These vote recommendation reports play an important role in helping institutional shareholders take informed decisions and thereby promoting good corporate governance practices in India.

## ENABLERS FOR PROXY ADVISORY FIRMS

The rise of proxy advisory firms has been assisted by increasing investor influence and regulatory interventions on governance matters. All stakeholders, namely shareholders, investors, buyers, regulatory authorities, suppliers, etc. of a company, are increasingly becoming interested in the accountability and transparency in any company's workings. Meeting shareholder expectations is a challenge which requires strong governance and ethics structure in place. Companies must make proper disclosures of financial and non-financial metrics in their annual reports which in turn helps build investor confidence and credibility.

Some regulatory changes starting with the introduction of the New Companies Bill in 2014 like the code for independent directors, tenure for independent directors, mandatory rotation of auditors and audit partners, shareholder approval for related party transactions, increased quarterly disclosures, shareholder voting for compensations, restrictions on ESOPs, class action suits, virtual shareholder meetings, etc have added to complexity of decision making for companies and investors.

Greater institutional ownership of shares in companies has also meant that company decisions are influenced by their votes.

Some examples where proxy advisory firms have been raising red flags include:

1. Independence of Board: Companies often claim to have the requisite number of Independent Directors on Board, however, scrutiny by proxy advisors often reveals Independent Directors independence being questioned due to linkages such as being close aides to promoters and executive directors, being owners of companies providing consultancy and other services to the company, being IDs

on other group companies and cooling off period of 3 years have not passed since last appointment.

2. **Nomination and Remuneration Committee (NRC):** Claims of NRC consisting of only Independent Directors but in practice, executive directors are invitees to all NRC meetings, also often than not NRC consists of non-executive promoter directors as member which hinders its true independence while fixing executive promoter directors' compensation.
3. **Whistle blowing and reporting of cases of sexual harassment:** Often the annual reports of companies report cases of whistleblowing and sexual harassment as being NIL during the year when in actual practice there is no clear or prevalent system in place for reporting such cases within the company.
4. **Executive compensation:** Companies paying fat paychecks to young and new executive directors who are family of the founding or promoter directors mention that the pay is market linked; however, in actual practice there is not peer benchmarking being done and often the remuneration is largely fixed with no performance linked pay being offered.
5. **Adoption of accounts:** Companies claim the audit report does not contain any qualifications or adverse remarks by auditors, however the quality of audit may be questioned by proxy advisory firms as companies appoint new audit firms without having requisite experience to audit large market cap companies.

## SERVICES OF PROXY ADVISORY FIRMS TO INVESTORS AND TO COMPANIES

As a leading proxy advisory firm in India, InGovern Research Services assists financial institutions and investors that have financial, investment or reputational exposure to public-listed companies in India by providing their clients with corporate governance reports and proxy voting solutions. Clients rely on our independent analysis and insights. For the analysis, InGovern uses its proprietary framework “*Governance Radar*” that has over 400 criteria drawn from Indian and international laws, regulations and guidelines and best practices.

### Parameters considered for analysis

Board	• Appointments, Compensation, Meetings, Remuneration, Responsibilities, Chairperson, Code of Conduct, Company Secretary, Independent Directors etc.
Board Committees	• Audit, Nomination, Shareholders, Risk, Remuneration Committees • Composition, Meetings, Powers, Responsibilities
Management & Operations	• Code of Conduct, Remuneration Policies, Risk Management, Whistleblower Policies
Audit & Accounts	• Audit & Accounts, Auditor Independence, Ethical Standards for Audit
Shareholders Rights	• Related Party Transactions, Shareholders Meetings & Voting, Other Rights
Disclosures	• Audit & Accounts, Board (Appointments, Composition, Remuneration, Meetings), Board Committees, Independent Directors, Management & Operations, Ownership, Shareholder Meetings, Whistle Blower Policies, etc

Meeting shareholder expectations is a challenge which requires strong governance and ethics structure in place. Companies must make proper disclosures of financial and non-financial metrics in their annual reports which in turn helps build investor confidence and credibility.

Amongst the gamut of services being offered by proxy advisory firms:

#### For Investor Clients: Pre-Investment:

- 1) **Research and Diligence:** Help clients in asset allocation and investment research and analysis:
  - Detailed research of companies;
  - Engagement with companies; and
  - Primary due diligence of companies.
- 2) **Governance Research**
  - Perform Annual Governance evaluations of covered companies using “Governance Radar” proprietary framework; and
  - Peer and timeline comparison of CG scores of companies.

#### For Investor Clients: Post-Investment:

- 1) **Vote Recommendations:** Help clients to take informed voting decisions for shareholder meetings: AGMs, EGMs, Postal Ballots, CCMs.
- 2) **Value Enhancement:** Advise clients on solutions for value enhancement at investee companies.
- 3) **Risk Monitoring Service:** Track financial, accounting and legal issues with companies at investee companies.

#### For Corporate Clients:

- 1) **Corporate Governance Consulting:** Help clients build and enhance corporate governance practices:
  - Benchmark company's CG with best practices;
  - Peer and timeline comparison of CG scores of companies; and
  - Diagnostics and Action Plan of CG practices.
- 2) **Customized education and sensitization** of Board and senior management on CG matters.
- 3) **Investor Engagement**
  - Help clients to connect with investors on fund raising and investments.
  - Communicate corporate governance practices through market leading initiatives and/or reports

## The Role of Proxy Advisory Firms

- 4) Board Evaluation: Annual performance evaluation of:
  - Board as a collective;
  - Board Committees; and
  - Individual Board members.
- 5) Value Enhancement: Advise companies on strategies, solutions and tools to enhance investor perception and enhance value for all stakeholders.

### GOVERNANCE OF NEW AGE LISTED COMPANIES

In the recent past, the new age listed companies like Zomato, PayTM, etc have been under scrutiny for their corporate governance practices. These companies should focus on four principles that will change the paradigm of engagement with investors:

- **Simplicity:** adopt simple holding and subsidiary corporate structures.
- **Transparency:** transparent dealings with all stakeholders and in financial statements. Many companies are putting out non-GAAP financial figures.
- **Fairness:** fairness in dealings with all stakeholders. No mis-selling to customers.
- **Wealth Creation:** Not just for the founders and private equity investors, but for all investors. Most of these companies have come out with Offer for Sale where early investors are exiting by selling to new incoming investors.

### INVESTORS GOING BEYOND GOVERNANCE: RISE OF ESG

Proxy advisory firms became the point of call for investors and companies on corporate governance matters. However, with the onset of Environment, Social and Governance (ESG), the proxy advisory firms are also extending services to advising investors and companies on ESG matters. A natural extension of corporate governance services is shareholder activism services where the amalgamation of corporate law and investment banking is brought to the fore and the interface between investors seeking to bring about change in the company.

In their roles as stewards of capital and trustees of the future, investors call on companies to be more responsible and consider the triple bottom line of people, planet and profit for a sustainable future. ESG stewardship refers to the responsible management and oversight of a company's impact on the environment, society, and the way it is governed. This can include efforts to reduce the company's carbon emissions, ensure fair and ethical labor practices, and promote transparency and accountability in corporate decision-making.

Companies are often reluctant to spend on improving ESG practices as it does not result in tangible gains in monetary terms over the short term. However, there is enough evidence through empirical studies conducted in both India and abroad to show that firms that invest in enhancing ESG practices fare well over those that do not.

Many companies in India have started ESG initiatives and practices to improve their sustainability and social responsibility. Some companies have committed to reducing their carbon footprint and achieve Net Zero by increasing their use of renewable energy, while others have focused on improving working conditions and employee benefits.

In addition to individual companies, the Indian government, regulators, and various industry groups have also been promoting

ESG stewardship in the country. The Ministry of Corporate Affairs and the SEBI have issued guidelines for companies on how to report on their ESG performance, and the stock exchanges has launched sustainability indices to encourage companies to adopt sustainable practices.

The regulators are putting pressure on companies to adopt sustainable business practices, raise awareness about ESG issues, and provide resources and support to companies looking to improve their ESG performance.

### LEADING BY EXAMPLE

While there are numerous examples of failure, some companies have set examples by voluntarily adopting global governance best practices and proactively engaging with shareholders. A few recent examples:

1. **Infosys:** While several companies faced shareholders' wrath with excessive remuneration being paid to promoter relatives and or key management personnel, Infosys came out with detailed explanatory notice on the remuneration of the MD and CEO Mr. Salil S. Parekh. The notice contained all the details of the breakup of fixed and variable as well as the metrics used to arrive at each component of the compensation.
2. **Infosys** is also the first large Indian company to achieve Net Zero.
3. **Reliance Industries:** In Aug 2022, RIL has sought shareholder approval for related party transactions (RPT) for:
  - a) Transactions between RIL and its subsidiaries (other than wholly owned)
  - b) Transactions between RIL and its Joint Ventures
  - c) Transactions between RIL and its promoter group
  - d) Transactions between two subsidiaries of RIL (other than wholly-owned)

The company came out with a detailed disclosure for each category outlining the governance and reporting framework as well as details of the benefits, rationale as well as pricing. RIL also went ahead and disclosed reasons for choosing promoter assets over other sources. Also, comparative analysis of charge was presented by the company to better understand the benefits of RPT for the company over and above other options.

### CONCLUSION

#### Compelling Business Case

In conclusion, the business case for companies to pursue better ESG practices is compelling. Companies benefit from:

- Attracting a wider range of investors
- Achieving a lower cost of capital
- Enhanced Credit ratings
- Enhanced reputation
- Better crisis and risk management
- Higher talent retention

However, the practices must be in substance rather than just form. A company is only as good as the people who manage it. Onus is on industry leaders to gear up to the challenges to change their present governance structure in line with the global best practices and set examples for peers to follow. Investments made for such efforts will give far more return, both in quantitative and qualitative terms. 

# Proxy Advisory Firms in India: The Impact and the Way Forward

The Indian corporate realm has observed a general apathy among the shareholders when it comes to exercising voting rights. One major lacuna that stops shareholders from voting is the lack of detailed knowledge about finer aspects of the working of the company. However, with the advent of proxy advisory firms and their voting recommendations, the gap between 'uninformed shareholders' and 'effective voting', is being bridged.



**Prof. Biju Varkkey**

Faculty, HRM Area, IIM Ahmedabad  
Ahmedabad  
[bvarkkey@iima.ac.in](mailto:bvarkkey@iima.ac.in)



**CS Virangi Shah**

Research Associate, IIM Ahmedabad  
Ahmedabad  
[virangishah3023@gmail.com](mailto:virangishah3023@gmail.com)

## INTRODUCTION

Over the years, India has seen a gradual shift from shareholder passivity to shareholder activism<sup>1</sup>. The Indian law allows shareholders to exercise voting rights to voice their opinion on matters related to governance, so that value of their investment is protected. However, the Indian corporate realm has observed a general apathy among the shareholders when it comes to exercising voting rights<sup>2</sup>. One major lacuna that stops shareholders from voting is the lack of detailed knowledge about finer aspects of the working of the company. However, with the advent of proxy advisory firms and their voting recommendations, the gap between 'uninformed shareholders' and 'effective voting', is being bridged.

However, much has been discussed about shareholders, particularly the funds exercising their right to vote to bring about a change in company related matters. There are more

limited discussions about how proxy advisory firms in India are influencing the decision-making process. The article attempts to capture the evolving role of proxy firms in India, the impact of proxy firms, and the way ahead is also discussed.

In 2021, an Indian fintech firm, Paytm, was all over the media for rolling out India's biggest-ever initial public offering at its time of listing. Thereafter, within a year of its listing, the company yet again made headlines but this time only to be on the wrong side of corporate governance<sup>3</sup>. At this juncture, the media was flooded with opinions expressed by proxy advisory firms on why the buyback was a reflection of poor corporate governance. What makes these opinions by proxy firms so enthralling is the independence and knowledgeability behind them.

To protect shareholders' interest, the Companies Act 2013, mandates publicly listed companies to seek approval of shareholders on prominent matters like mergers and acquisitions, boardroom composition, buyback of shares, reduction of share capital, removal of auditor before expiry of the term, managerial remuneration, alteration of Memorandum or Articles of Association, and more. The mandate by the law will only be effective in strengthening corporate governance if the shareholders exercise their votes effectively. For voting effectively, both, retail investors and institutional investors of the company should monitor company performance and confirm that it is well managed. In an event where shareholders find instances of mismanagement or if they are of a view contrary to what is being presented by their company, they should raise the issues with the company in the annual general meeting<sup>4</sup>. For example, in the past, the public sector company Coal India Limited, was rigorously questioned by its shareholders regarding various decisions taken by the management. As a result, of shareholders' objections, Coal India Limited was forced to issue explanations for each of the concerns<sup>5</sup>. Moreover, let us also recall the rare instance where institutional investors voted against the merger of Satyam Computer Services Limited with Maytas Infra limited, after which one of India's biggest accounting scandals came to light<sup>6</sup>.

Until now corporate India has seen only limited cases of shareholder activism similar to Coal India Limited and Satyam Computer Services Limited. The issue of low investor participation in exercising voting rights remains to be a long-lingering issue of the Indian capital market. In the majority of cases, the reason behind the poor investor voting turnout is attributed to a lack of investor interest to participate<sup>7</sup>. However, while there can be various factors contributing to

## Proxy Advisory Firms in India: The Impact and the Way Forward

shareholders' lack of interest, a prominent one is shareholders' ability to clearly understand and interpret company matters. As long as shareholders remain to be uninformed, they cannot efficiently exercise their votes. Hence it became essential that shareholders could obtain independent unbiased expert opinions about their company matters. This is where proxy advisory firms stepped in. Proxy firms' opinions and voting recommendations help shareholders to move closer to being well-informed about company matters and aid in taking informed voting decisions.

### EMERGENCE OF PROXY ADVISORY FIRMS IN INDIA

Indian corporate realm has seen a mounting number of corporate scams. Amongst the many, prominent scams like the Satyam scam, the Sahara scam, and the Harshad Mehta scam not only shook the financial market of the country but also trembled investors' trust. These incidents were also wake-up calls for Indian corporate regulators. With the increasing number of public participation in the Indian securities market including foreign investors, India is required to tighten its regulatory laws to curb corporate fraud. Hence, to prioritize the strengthening of corporate governance many regulatory authorities rolled out new rules and regulations for public listed companies. One such example is the enactment of the Companies Act, 2013 by the Ministry of Corporate Affairs, Government of India. Besides, the Securities Exchange Board of India (SEBI) also called out mutual funds to actively participate to strengthen the good corporate governance of listed companies. As part of good corporate governance norms, it is the fiduciary duty of mutual funds to protect the interest of their clients. Hence, casting effective and informed votes on behalf of the client became part of the fiduciary duty. However, since institutional investors like mutual funds collectively hold a large portfolio of investments, it became challenging to learn about each company's essential details. A need for an 'expert eye,' who could share an unbiased, independent opinion on specific company related matters was identified as the need of the hour. This gap was filled in by proxy advisory firms.

Proxy firms are governed under the SEBI (Research Analysts) Regulations, 2014 and its regulation 2(1)(p) defines proxy firms as "Any person who provides advice, through any means, to institutional investor or shareholder of a company, in relation to exercise of their rights in the company including recommendations on public offer or voting recommendations on agenda items". Currently, India has three proxy advisory

Until now corporate India has seen only limited cases of shareholder activism similar to Coal India Limited and Satyam Computer Services Limited. The issue of low investor participation in exercising voting rights remains to be a long-lingering issue of the Indian capital market.

firms namely, InGovern Research Services (InGovern), Institutional Investor Advisory Services (IiAS), and Stakeholders Empowerment Services (SES).

For the investors, the proxy firms provide voting recommendations on resolutions proposed for shareholders' approval by public listed companies. Besides, proxy firms are also engaged in providing corporate governance score card and ESG score card. These scores cards help investors to evaluate governance and other risk factors while making investment decisions.

### THE IMPACT OF PROXY FIRMS: GLOBAL VIS-À-VIS INDIA

In the USA, two proxy advisory firms i.e., Institutional Shareholder Services Inc. (ISS) and Glass, Lewis & Co. LLC (Glass Lewis) significantly influence the voting power of millions of individual shareholders<sup>8</sup>. ISS was founded in 1985, and as of now has its presence globally, including India (ISS has a registered office in Mumbai)<sup>9</sup>. On the contrary, the Indian proxy advisory market is relatively new. India got its first proxy advisory firm only in 2010 when Shriram Subramaniam founded InGovern.

With proxy firms having significant influence in mature financial markets like the USA, it can be anticipated that similar influence will be created by proxy firms in similar markets. However, Andrew Tuch<sup>10</sup> argues that "to the best of our knowledge, proxy advisors enjoy significantly stronger influence over institutional investors and corporate managers in the United States." In a comparative analysis of the USA and the UK, Tuch points out four reasons causing the difference in the extent of influence between both markets. One, the UK has a strong institutional investor trade group, which coordinates to collectively exercise their voting power, thereby leaving little room for proxy firms. Second, corporate governance issues, which are settled in the UK are yet contested in the USA. Third, institutional investors in the UK have stronger rights as a shareholder than in the USA, and lastly the role of the State in each country, Due to political forces in the USA, institutional investors are not very likely to act collectively, instead, they act through proxy advisors to shield themselves from political retaliation, which is not the case in the UK.

In India, since the inception of the first proxy firm, there have been numerous attempts made by proxy firms to guide institutional investors in making voting decisions, for instance, in 2011, InGovern issued a press release recommending institutional investors to vote against a few big-name independent directors. The independent directors (ID) included B.C Prabhakar an ID of Wipro and Shradul Shroff of IDFC. At that time, B.C Prabhakar had been on the board of Wipro for over 14 years, and Shradul Shroff for over nine years on the board of IDFC. After nine years, directors are as good as married to the company, remarked the report. The impact of the recommendation was limited due to the limited reach of the reports.<sup>11</sup> It is only recently that proxy advisory recommendations have started influencing institutional shareholders' voting decisions.

A notable instance of a proxy advisory firm stirring shareholder activism was witnessed in the 93<sup>rd</sup> annual general meeting of the Lakshmi Vilas Bank (LVB). Both, public institutions and



public non-institutional shareholders voted against seven resolutions seeking the appointment of directors. In fact, the shareholders also voted against the proposal seeking the appointment of the statutory auditor and branch auditors, despite such appointment being approved by the Reserve Bank of India.<sup>12</sup> An article titled *Laxmi Vilas Bank- A stitch in time*, published on September 22, 2020, by Institutional Investor Advisory Services (IiAS) highlighted existing flaws in the corporate governance practices of LVB. “Everything that can possibly go wrong with a bank, has gone wrong with Lakshmi Vilas Bank”, Amit Tandon, founder of IiAS wrote in the article<sup>13</sup>. It is believed that the proxy advisory firm’s recommendation incited the shareholders to vote against the aforesaid management resolutions. This is not the only case in India. Indian proxy advisors’ recommendations encouraging good corporate governance practices include, the case of Tata-Group-owned Indian Hotels Company Ltd (IHCL). IHCL stated Shapoor Mistry as an independent director in its composition of the Board of Directors. The same was also published in the company’s annual report of 2012. Later, SES questioned such a classification. Mistry was the elder brother of then Deputy Chairman Cyrus Mistry and belonged to the family that owned the majority shareholding of Tata Sons. He was ineligible (Clause 49 of the Listing Agreement) to be appointed as an independent director. Subsequently, the proxy firm advised shareholders to question such a wrong classification. In its annual report 19–20, the company rectified Shapoor Mistry as a non-independent director.<sup>14</sup>

Another wave of shareholder activism against hefty managerial remuneration was experienced amidst the pandemic in the financial year 2020-21. A few public listed companies, on one hand, cited effects of the pandemic as a prominent factor for decreasing revenues and poor financial performance of the company, on other hand sought shareholders’ approval for increasing the compensation of top management. It was observed that proxy advisory firms did red flag some of these resolutions and recommended shareholders to vote against. Few renowned executives whose remuneration hike proposal came into questioning by shareholders include; Siddharth Lal

of Eicher Motors Limited, Shobha Kapoor and Ekta Kapoor of Balaji Telefilms Limited, Pawan Munjal of Hero MotoCorp Limited and BVR Reddy of Cyient Limited. Although only a few resolutions could be defeated, while others sailed through due to high promoter shareholding. Amongst those defeated, both Eicher Motors Limited and Balaji Telefilms Limited had to make amend in its original proposal to undo the shareholders ire.

Recently, corporates in India have become receptive to proxy advisors’ recommendations. In fact, more companies are gradually entering into conversations with proxies to know about their perspective on voting recommendation.<sup>15</sup> Proxy advisory firms notifies each company regarding its suggested voting recommendation and the rationale behind it. Proxy firm may define a timeline within which company can comment/give clarification over the suggested recommendation. SEBI mandates proxy firms to release as an addendum all comments/clarifications received from the company. In case the company has a different viewpoint on the recommendations, proxy firms after evaluating the viewpoint may also change or modify their original recommendation and release the revised opinion in the addendum. *Table 1*, reflects the increase in number of addendums over the period of time, signaling the growing response of companies over proxy firms’ recommendations.

Year	Reports	Addendums	% of Addendums as to reports
2016	1,004	41	4.08%
2017	1,110	58	5.23%
2018	1,148	77	6.71%
2019	1,223	91	7.44%
2020	1,103	112	10.15%
2021	1,113	193	17.34%

**Table 1**

**Source:** SES, Corporate Governance (Regulations and Proxy Advisory) – An Impact Analysis,

## Proxy Advisory Firms in India: The Impact and the Way Forward

The growing influence of proxy firms on shareholders, especially institutional investors call to draw one's attention to the fact that, the opinions/recommendations of proxy advisors are their own judgments, based on their own interpretation of factual information. Hence, investors should do their own due diligence before deciding for or against on a resolution rather than blindly following proxy recommendation. Two prominent challenges cited in literature, that have come with the rising influence of proxy firms are:

- a. Information Bias
- b. Robo -Voting

Further section of the article details the challenges.

### THE INFORMATION BIAS

One of the concerns around proxy advisory recommendations is the information bias. Research scholars argue that, since proxy advisors sell their recommendations to the investors (mostly institutional investors), proxy advisor may tend to skew its recommendation based on preference and belief of its client for profit maximization. Resorting to information bias not only denigrates the interest of other shareholders but also the company. Hence a vital downside of proxy advice/recommendation is the chances of concentration of power in the hands of proxy advisors.

In India currently, proxy advisory firms are not mandated to interact with the company prior to announcing out their recommendations. However, each proxy firm has the liberty to choose to interact or not to interact with the company and the company too has the right to engage with or not engage with proxy firms.

However, whether a proxy firm interacts or not with the company, chances that the proxy firms voting recommendations and rational behind, may differ from that of the listed public company proposing the resolution. In many cases such differing opinions may give rise to grievances at the end of the company.

For instance, quote unquote a disclosure from SES website:

*"During FY 2018-19 and FY 2019-20, ITC Ltd had filed a defamation case against the Company for a claim amounting to ₹ 1,000 crores in each FY in connection with Proxy Advisory Report published by the Company. The Company is pursuing the case and does not expect any material liability on this account."*

To resolve such grievances, listed company can approach SEBI with the matter. Thereafter SEBI examines whether there was any breach of regulations by proxy advisors' firm under the SEBI (Research Analyst) Regulations, 2014 and the procedural guidelines.

### FEW REGULATIONS GOVERNING PROXY ADVISORY FIRMS IN INDIA

Proxy Advisory firms are independent research firms and are governed under the SEBI (Research Analysts) Regulations, 2014. Few noteworthy regulations as detailed in the aforesaid SEBI regulations have been tabularised below :

Regulation No.	Details according to the regulation <sup>16</sup>
3 (1)	Proxy Advisors are mandated to get registered with SEBI and should meet all eligibility criteria elaborated in the Chapter II.
15	Chapter III covers, management of conflicts of interest and disclosure requirements. Under the chapter, Reg 15 mandates proxy firms to develop internal policies and procedures to govern the dealing and trading by any research analyst for matters relating to <ul style="list-style-type: none"> <li>• Actual or potential conflict of interest</li> <li>• Promoting objective and reliable research which reflects unbiased view</li> <li>• Preventing use of research report/analysis to manipulate securities market</li> </ul>
16	Personal trading activities of research analysts are subjected to various restrictions, the same will also be monitored and recorded.
18	Research analyst/entity shall not publish or distribute research report/research analysis or make public appearance regarding a subject company for which he has acted as a manager or co-manager at any time falling within given timeframe.
23	Disclose the methodology adopted to develop their research.
24 (2)	Requirement to mandatorily adopt code of conduct specified in Schedule Three.

On August 3, 2020, SEBI issued procedural guidelines for proxy advisors and mandated them to disclose conflict of interest on every document containing their advice. Moreover, proxy advisors should make disclosure of procedures to manage and/or mitigate any potential conflicts of interest which might arise due to other business activities conducted by them.

### ROBO-VOTING: FALLACY OR REALITY

In the report titled *'The Conflicted Role of Proxy Advisors'* released by the American Council for Capital Formation (ACCF), explains robo-voting as a process wherein, institutional investors automatically vote in line with the recommendations suggested by proxy advisory firms without further evaluating them<sup>17</sup>. If investors resort to robo-voting the principles of good corporate governance will be defied. Consequently, giving more power to proxy advisory firms, thereby diminishes the ability of corporates to advocate for themselves in an event of adverse recommendation by any or all proxy firms.

As far as India is concerned, it is observed that, investors are not just mechanically voting in alignment to the proxy firms' recommendations. For instance, IiAS advocated voting against the remuneration hike of Siddharth Lal of Eicher Motor Limited, but advocated voting in favour for Sobha Kapoor and Ekta Kapoor of Balaji Telefilms limited. While Eicher Motor Limited voting outcome matched with the proxy recommendation, Balaji Telefilms Limited did not. Moreover, *Figure 1* is the graphic representation produced by SES that compares and contrasts SES recommendation and actual voting outcome. The graph is part of the impact analysis report published by SES, reinforcing that investors are not robo-voting in India.<sup>16</sup> *Figure 1*, also confirms

that over the years more shareholders are exercising their voting rights. However, as of now it is too early to conclude with surety that robo-voting is absent in India.

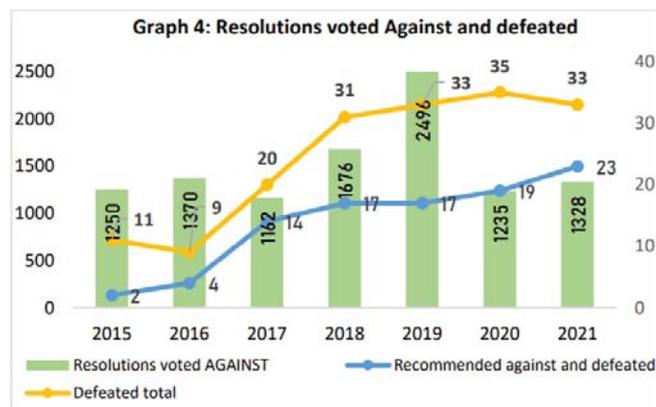


Figure 1

Source: SES, Corporate Governance (Regulations and Proxy Advisory) – An Impact Analysis,

## THE WAY FORWARD

Proxy advisory firms in corporate India are emerging as prominent external entity who hold potential to influence the decisions of investors. They are acting as an institutional independent eye, keeping check on corporate misgovernance.

Various contextual factors have changed since the inception of proxy firms in India, and these can influence shareholders voting decisions. For instance, large media coverage regarding proxy recommendations increases the visibility of these firms. Digitization has made proxy reports and the recommendations accessible to a larger stakeholder community. Greater accessibility ensures increased group of informed shareholders which translates to more effective voting infused by proxy firms. With increase in their visibility, going ahead proxy firms may also be able to gauge the attention of retail investors who have been relatively less active in participating in voting in comparison to institutional investors.

Moreover, the widening ESG space accompanies with workers issues that came up during COVID-19 pandemic, corporate governance has started giving more stress to all the three components 'E' environment, 'S' social and 'G' governance. Investors want to know beyond the mandatory disclosures about how their company is performing in a broader spectrum. This makes the role of proxy advisory firms critical, to give out ESG scorecards for every company in a different industry.

## CONCLUSION

In the current corporate governance ecosphere, stakeholders, particularly investors, want to keep a close tab on the governance practices adopted by the companies. This increases the need of stakeholders, especially institutional investors to rely on independent experts to provide alternate viewpoints. Hence, in the Indian context the role of proxy advisors will continue to evolve. Unlike global counterparts, proxy firms in India are still at a budding stage, with anecdotal evidence suggesting some impact of their recommendations. At the same time, we

must recognize challenges like information bias and robo-voting associated with the functioning of proxy advisory firms.

## REFERENCES:

1. Varottil, U. (2012). The advent of shareholder activism in India. *Journal on Governance*, 1(6).
2. Narasimhan, K. B. M. (2019, December 29). Are shareholders exercising their vote? The Hindu BusinessLine. <https://www.thehindubusinessline.com/opinion/are-shareholders-exercising-their-vote/article30426866.ece>
3. Shah, A. (2022, December 19). As Paytm announces buyback plan, analysts raise concerns over governance issue. The Economic Times. <https://economictimes.indiatimes.com/prime/money-and-markets/as-paytm-announces-buyback-plan-analysts-raise-concerns-over-governance-issue/primearticleshow/96316478.cms?from=mdr>
4. The Responsibilities of the Shareholders. <https://www.managementstudyguide.com/responsibilities-of-shareholders.htm>
5. <https://www.mic.com/articles/6356/coal-india-faces-a-surprising-case-of-shareholder-activism-in-india>
6. Business Standard (January 29, 2013) [https://www.business-standard.com/article/technology/investors-force-satyam-to-call-off-acquisitions-108121801017\\_1.html](https://www.business-standard.com/article/technology/investors-force-satyam-to-call-off-acquisitions-108121801017_1.html)
7. <https://www.firstadvisers.com.au/this-is-why-many-of-your-retail-shareholders-dont-vote/>
8. <https://corpgov.law.harvard.edu/2019/06/25/proxy-advisory-firms-governance-failure-and-regulation/>
9. Veloso-Beltran, D. (2022, March 16). About. ISS. <https://www.issgovernance.com/about/about-iss/>
10. Tuch, A. F. (2019). Proxy Advisor Influence in a Comparative Light. *BUL Rev.*, 99, 1459.
11. Sucheta Dalal, (Aug 24, 2011) Proxy advice check on misgovernance.
12. Varkkey B, Patel V (March 25, 2021), the cost of shareholder activism. LVB shareholders vote out management. IIMA case centre <https://cases.iima.ac.in/index.php/the-cost-of-shareholder-activism-lvb-shareholders-vote-out-management.html>
13. Tandon, A. (2020, September 22). Lakshmi Vilas Bank: A Stitch In Time. BQ Prime. <https://www.bqprime.com/opinion/lakshmi-vilas-bank-a-stitch-in-time>
14. The Hindu BusinessLine. (2017, November 17). Can Shapoor Mistry be an independent director in Indian Hotels? <https://www.thehindubusinessline.com/companies/Can-Shapoor-Mistry-be-an-independent-director-in-Indian-Hotels/article20480245.ece>
15. Subramanian, S. N. (2022, March 24). How proxy advisory influenced corporate governance and management behaviour in India. The Economic Times. <https://economictimes.indiatimes.com/prime/corporate-governance/how-proxy-advisory-influenced-corporate-governance-and-management-behaviour-in-india/primearticleshow/90402609.cms>
16. [https://www.sebi.gov.in/sebi\\_data/commndocs/RESEARCHANALYSTS-regulations\\_p.pdf](https://www.sebi.gov.in/sebi_data/commndocs/RESEARCHANALYSTS-regulations_p.pdf)
17. ACCF (May 2018), The conflicted role of proxy advisory firms, <https://accfcorpgov.org/the-conflicted-role-of-proxy-advisors-report/>

# Growing role of Proxy Advisory Firms as Stewards

The process of voting by the shareholders of the company reflects the fact that their opinion, either in favour of or against the specific issue in consideration, matters and that the final result of voting by all such shareholders shall be binding on the company and would affect its working and future success. This reflects the need for conscious decision-making backed by in-depth knowledge about the relevant matters. This is where enters the concepts of 'Shareholders Activism' and 'Proxy Advisory Firms'.



**CS Preeti Grover, FCS**

Practising Company Secretary,  
Noida  
[cspreeti96@gmail.com](mailto:cspreeti96@gmail.com)

## INTRODUCTION

**T**he shareholders are the investors of the company and hence are concerned about the return on their investment. The company also aims to maximise shareholders' wealth. Section 47 of The Companies Act, 2013 provides shareholders the voting rights to allow them to participate in the functioning of the company.

The process of voting by the shareholders of the company reflects the fact that their opinion, either in favour of or against the specific issue in consideration, matters and that the final result of voting by all such shareholders shall be binding on the company and would affect its working and future success. This reflects the need for conscious decision-making backed by in-depth knowledge about the relevant matters. This is where enters the concepts of 'Shareholders Activism' and 'Proxy Advisory Firms'. This article attempts to lay down the concepts of proxy advisory firms and the growing role of proxy advisory firms as Stewards.

## UNDERSTANDING THE CONCEPT OF SHAREHOLDERS ACTIVISM

Companies are increasingly facing critical scrutiny from shareholders, including institutional investors, thereby giving rise to shareholders activism.

Earlier, the shareholders played a passive role as the members of the company with the lack of interest in taking informed decisions and holding a more concentrated and exclusive shareholding while influencing and taking decisions regarding the conduct of the business behind the close doors. Whereas now, they have reversed the cycle by playing an active role and taking control of the business while making informed decisions about the matters that have significant influence on the business. The intent is to maintain corporate

governance and adhering to the laws, rules and regulations while maximising shareholders' wealth.

The concept of shareholders activism involves the efforts put in by the shareholders to influence corporate policies and practices. In other words, the shareholders activism is the course of action taken by the shareholders of the company so as to influence corporate governance by utilizing their ownership privilege. The areas where the shareholders raise their concerns cover everything affecting the business, the society and the environment as a whole, ranging from governance to profit distribution and internal culture of the Organization.

## THE EMERGENCE OF THE CONCEPT OF SHAREHOLDERS ACTIVISM

Since shareholders were allowed to vote under The Companies Act, 2013 as well as in the erstwhile Companies Act, 1956, it can be said that the concept of shareholders activism is not a new one. It has always been in existence ever since the shareholders had the voting rights in the companies where they hold shares.

The reason it has gained so much eyeballs is due to the fact that they have now shifted from being a passive participant to becoming an active member of the company. Further, owing to the technological development, the shareholders have easier access to public documents with regard to the companies and thus, are in a better position to take informed decisions and form an opinion to vote based on such information and updated knowledge. It gives a chance to the shareholders to raise their concern in areas where they are dissatisfied with the company's status quo and seek to change company's policies and practices.

Shareholders activism plays a multi-faceted role, thereby contributing towards the overall growth of the company. As such, it aims to serve the following purposes:

1. To help shareholders in addressing their concerns and questioning the working of management of the company.
2. To keep the management accountable and disallowing their dictatorship in crucial business matters.
3. To take on the ownership and touch uncomfortable business spots such as financial issues, ESG reporting, adherence to corporate governance norms, etc.
4. To utilize company's resources optimally through methodical governance.
5. To take informed decisions and thereby forces the management to take informed decisions as well.
6. To take on a leadership role and mentoring the management so as to reach newer heights of success- both financial and non-financial.

7. To unlock company's value, thus ensuring greater return on their investments.
8. To promote effective engagement between shareholders and management of the company.
9. To encourage a trustworthy and prosperous business environment.
10. To improve company's overall profitability and performance and enhancing shareholders' value in the long run.

## REGULATORY REFORMS AFFECTING SHAREHOLDERS ACTIVISM

The Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) come up with various regulatory reforms from time to time so as to meet the changing needs of the business. As such, they have introduced several critical amendments in the Companies Act, 2013 and the SEBI regulations respectively so as to encourage greater level of participation by the shareholders and empower them to play an active role in the conduct of the business.

Some reforms were introduced by the regulatory authorities to promote shareholders participation :

1. **Electronic Voting-** MCA and SEBI specifically provides for the facility of electronic voting (e-voting). Section 108 of the Companies Act, 2013 states that a Central Government may prescribe the class or classes of companies and the manner in which a member may exercise his right to vote by the electronic means. Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015] mandates the listing entities to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, SEBI observed negligible participation by the public non-institutional shareholders/retail shareholders.

At present, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India thereby mandating registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders. Thus, in order to increase the efficiency of the voting process, pursuant to a public consultation, SEBI, vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242, decided to enable e-voting to all the demat account holders by way of a single login credential through their demat accounts/websites of Depositories/Depository Participants. This allows the demat account holders to be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

The introduction of E-voting by the regulators has made it possible for the shareholders to participate in the general meetings of the company and put forth their opinion by participating in the voting process, thereby playing a crucial role in the decision making of the company without being required to travel physically to the registered office of the company.

The process of voting by the shareholders of the company reflects the fact that their opinion, either in favour of or against the specific issue in consideration, matters and that the final result of voting by all such shareholders shall be binding on the company and would affect its working and future success.

2. **Shareholders Class Action Suit-** Sub-section (1) of section 245 of the Companies Act, 2013 empowers the member(s), depositor(s) or any class of them to file an application before the Tribunal on behalf of the member(s) or depositor(s), if they are of the opinion that the management or conduct of the affairs of the company are being conducted in a manner prejudicial to the interests of the company or its members or depositors. Further, sub-section (2) of section 245 states that where the member(s) or depositor(s) seek any damages or compensation or demand any other suitable action from or against an audit firm, the liability shall be of the firm as well as of each partner who was involved in making any improper or misleading statement in the audit report or who acted in a fraudulent, unlawful or wrongful manner.
3. **Participation of Institutional Investors-** In order to encourage participation of mutual funds in corporate decision making, both the Government as well as the regulator viz. SEBI have made significant efforts. With intent to direct the mutual funds to play an important role in exercising their voting rights in the investee company in a responsible manner, SEBI passed a circular which states that the asset management companies of the mutual funds shall disclose, on their websites, their annual reports and their general policies regarding the exercise of their votes in the listed companies.
4. **Mismanagement and oppression-** Sub-section (1) of section 241 of Companies Act 2013 empowers the member of a Company (including minority shareholders) to file an application before the Tribunal if the affairs of the Company are being conducted in oppressive and prejudicial manner. Further, as per sub-section (2) of section 241, the Central Government may itself apply to the Tribunal for an order if it is of the opinion that the affairs of the company are being conducted in a manner prejudicial to public interest.
5. **Appointment of director elected by small shareholders-** Section 151 of the Companies Act 2013 states that a listed company may have one director elected by small shareholders in such manner and with such terms and conditions as may be prescribed by the Central Government. The explanation to this section further clarifies the meaning of the term 'small shareholders' to include a shareholder holding shares of nominal value of not more than twenty thousand rupees or such other sum as may be prescribed.



## UNDERSTANDING THE ROLE OF PROXY ADVISORY FIRMS AS STEWARDS

As discussed earlier, shareholders activism calls for active action by the shareholders of the company who raise their concerns and legally compel the management to take necessary corrective action for any wrong being done by the management that may adversely affect the business. However, to actually make a positive impact in the business with regard to shareholders activism, the fundamental requirement is that the shareholders are updated and are in a position to take informed decisions. For this purpose, shareholders need proper research-based resources with all the relevant information so as to make an informed decision. And here comes the role of proxy advisory firms as Stewards.

### MEANING OF THE TERM 'PROXY ADVISOR' AND 'PROXY ADVISORY FIRMS'

According to Regulation 2(1)(p) of the SEBI (Research Analysts) Regulations, 2014, the term 'proxy advisor' means any person who provide advice, through any means, to institutional investor or shareholder of a company, in relation to exercise of their rights in the company including recommendations on public offer or voting recommendation on agenda items.

Further, the proxy advisory firms are the independent consulting firms that provide research on corporate governance practices of the firms and voting recommendations on governance issues brought before investors at the shareholder meetings [Larcker McCall and Tayan (2013)].

The shareholders' rights are available to both retail investors as well as the institutional investors. The institutional investors usually invest in thousands of shares across various companies and look up for authentic resources to help them vote knowledgeably. Proxy advisory firms guide them on how to vote on various matters due to be discussed in the shareholders' meeting of a company.

### THE BIRTH OF THE PROXY ADVISORY INDUSTRY IN INDIA

In India, the listed companies were largely controlled by promoters and the shareholding pattern was not widespread. Although SEBI introduced Clause 49 of the Listing Agreement which deals with Corporate Governance, yet the institutional investors remain passive and as such the proxy advisors did not even exist in India.

The huge corporate scandal of 'Satyam Computer Services Ltd', one of the prominent software services firm in India, shook India's financial market. To prevent such scandals in future, SEBI took several serious measures, one such measure was passing of the Securities and Exchange Board Of India (Mutual Funds) (Amendment) Regulations, 2010 in July 2010. The regulation requires the Indian mutual funds to establish greater transparency in voting in the resolutions of shareholders of their investee companies. The regulation mandates the mutual funds to-

1. disclose the general policies and procedures to determine the manner in which voting rights could be exercised on the shares held by them; and
2. disclose on their website the details regarding the manner in which they exercised their votes on resolutions in shareholder meetings.

SEBI, in February 2010, introduced the Mutual Funds Voting Disclosure Requirements and this marks the entry of proxy advisory firms in India just like their entry in USA when The U.S. Securities and Exchange Commission (SEC) introduced regulation which mandates the mutual funds to disclose their voting records.

### EMERGENCE OF PROXY ADVISORY FIRMS IN INDIA

The proxy advisors, as a concept, was first introduced in India in the year 2010 and within a span of 2 years, India witnessed the establishment of three proxy advisory firms. The 'InGovern Research Services', India's very first proxy advisory firm was established in the year 2010 followed by establishment of the 'Institutional Investor Advisory Services India' (IISA) and the 'Stakeholders' Empowerment Services'. These firms have already published several recommendations with regard to the corporate proposals relating to various listing companies in India including the proposals relating to appointment of directors (especially independent directors), the appointment of auditors and major corporate transactions such as mergers and takeovers.

### CRITICAL ANALYSIS OF THE IMPACT OF PROXY ADVISORY FIRMS

The Indian proxy advisory industry showed tremendous potential for growth with emphasis by the FIIs on shareholders' activism, entry of pension funds in equity market and the improved corporate governance practices resulting in an increase in cases of hostile takeovers. The proxy advisory industry in India faces several challenges like indifferent attitude of investors towards corporate governance, resistance from corporates and regulators, increased competition and requirement for human resources.

### RESEARCHES IN INDIAN PROXY ADVISORY INDUSTRY

The corporate governance system in India faces a major problem of lack of awareness among the investors. The investors are unaware about the problems related to corporate governance in the firms in which they have invested. Awareness among investors will result in major improvement in reducing

the indifferent attitude towards corporate governance by the companies and domestic financial institutions, in particular.

To judge whether Proxy advisory firms can be called as Stewards in the year 2022, let us compare and check if the situation has improved since the emergence of proxy advisory firms in the year 2010. Some of the ways to do so are discussed below:

1. **Event study methodology-** Empirical analysis of the reaction of the voting recommendation of a proxy advisory firm to vote against the management's resolutions in the shareholder meeting on the stock prices of that firm by adopting the event study methodology. A strong negative reaction in the share price on the day when the proxy firm made a negative recommendation would indicate seriousness of the shareholder on the issue.
2. **Adherence by the Institutional Investors-** The extent to which the institutional investors adhere to the negative voting recommendations of the proxy advisory firms is another way to test the effect. This can be done by obtaining the actual voting patterns and comparing the same with the voting recommendations. This can give us an idea of how much the voting recommendations of proxy firms are impacting the decisions of institutional investors.
3. **Survey on Shareholders Activism-** Conducting a survey to gather an understanding about the level of awareness among the institutional investors with regard to shareholder activism can also help us in having an understanding regarding the impact of recommendations made by the proxy advisors.
4. **Efforts of Other Stakeholders-** Other stakeholders like employees/ customers/suppliers also create awareness about the shareholder activism and the effectiveness can be tested by implementing simple techniques as discussed above.
5. **Economic stream-** Traditionally, the proxy advisory service industry has worked in a monopolistic manner. However, in India, many proxy advisory firms have already been established and are operating while having different ownership pattern. This enables the availability of an excellent platform to conceptually analyze the competition in the proxy advisory industry from economic perspective and to study the right ownership structure for the firms in this industry.

## RECOMMENDATIONS BY PROXY ADVISORY FIRMS SHOWING THE WAY AS STEWARDS

Investors now have access to recommendations of the proxy advisory firm (IIAS) and these recommendations enable the investors to take an informed decision while voting in favour of or against such resolutions.

This highlights the role of the proxy advisory firms as Stewards, they help in facilitating meaningful shareholder engagement at general body meetings of listed companies. There are many proxy advisory firms in India and IiAS is amongst the leading proxy advisory firms in India. IiAS's voting recommendations have impacted the shareholders' decision-making during the time of voting in General meetings of the company in many cases in the years 2021 and 2022. Reliance of the shareholders on the recommendations of proxy advisory firms is slowly and steadily growing.

Some examples of the voting recommendations by proxy advisory firms in regard to the resolutions to be discussed in the upcoming AGMs of such companies:

1. **NHPC Limited** - The AGM of NHPC Limited was scheduled to be held on the 25<sup>th</sup> August, 2022. The company had listed 9 resolutions in total, out of which 5 were ordinary resolutions and 4 were special resolutions. Among these 9 resolutions, the voting recommendations as per IIAS were in favour of all 5 ordinary resolutions. However, the proxy firm recommended against the 3 special resolutions pertaining to appointment of three independent directors.
2. **Balaji Telefilms Limited** - The Balaji Telefilms Limited's AGM for the year 2022 was on 18<sup>th</sup> August, 2022. Out of the listed 5 resolutions in total, IIAS's voting recommendations was against 2 resolutions- 1 ordinary resolution pertaining to appointment of Ms. Priyanka Chaudha as a Non-Executive Non-Independent Director from 20 May 2022 till the FY22 AGM and 1 special resolution with regard to approval of grant of stock options exceeding 1.0% of the paid-up capital to Abhishek Kumar, Group CEO.
3. **Ultratech Cement Limited – The AGM of Ultratech Cement Ltd.** Was held on 17<sup>th</sup> August, 2022. Out of the 3 special resolutions listed by the company, one resolution regarding the approval for extension of UltraTech Cement Limited Employee Stock options and Performance Stock Unit Scheme 2022 to group companies, including holding, subsidiary, and associate companies, had more shareholders voting against the resolution as compared to the rest of the resolutions. IIAS's recommendations were against this particular resolution. This is a signal that many shareholders are relying of the recommendations made by the proxy advisory firms.

## CONCLUSION

The analysis of the history of proxy advisory industry in India indicates that it owes its growth to the increasing shareholding of institutional investors in equity market and the regulatory requirements imposed on them. The pattern of emergence of proxy advisory industry in USA is being repeated in India, with the arrival of three plus proxy advisory firms. However, the growth of proxy advisory industry in India may not be similar to that of USA as ownership pattern of listed corporate entities in India are different from that of USA. This provides its own unique research questions for the proxy advisory industry in India.

Keeping in view the recommendations being made and the role played by the Proxy advisory industry in Shareholders Activism, we can conclude that Proxy Advisory Industry is emerging as a Steward for the investor community in India.

## REFERENCES:

1. Subramanian (2016), "Proxy Advisory Industry in India", Corporate Ownership & Control / Volume 13, Issue 2, winter 2016, Conference Issue
2. <https://www.iiasadvisory.com/>
3. <https://taxguru.in/sebi/proxy-advisory-industry-changing-face-shareholder-corporate-governance.html> 

# Understanding Proxy Advisory Firms

Proxy Advisory Firms play an important role in recommending research and data backed voting proposals at the Annual General Meetings or other Meetings where shareholder approval is required. These Firms operate independently and evaluate complex corporate exercises such as mergers & acquisitions, remuneration of key managerial personnel, etc. The Proxy Advisors facilitate in protecting key shareholder interests by assisting them in taking informed decisions on voting. These Proxy Advisory Firms contribute their expertise and knowledge in providing voting recommendations to the institutional investors for the companies where such institutional investors hold shares.



**Ketan Madia, FCS**

*ketanmadia1969@gmail.com*

## INTRODUCTION

**T**he Proxy Advisory firms provide guidance primarily in the following areas:

- Environment, Social and Governance (ESG) matters;
- Remuneration of key managerial personnel; and
- Board diversity.

## HOW DID PROXY ADVISORY FIRMS COME INTO EXISTENCE

The Proxy Advisory Firms, which acted as third-party consultants and provided expert advice and recommendations on whether to vote “for” or “against” the motion in a resolution recommended by the company, found relevance consequent to the requirements of the investor community. In essence, these advisory firms are the result of shareholder activism that has grown over the years as a result of unethical governance processes in the organizations. Their primary objective is to offer shareholders advice, but if the shareholders expressly authorize it, they may also be granted the right to vote.

Since the 1980s, this method has been common in the financial markets of the United States, but the proxy advisory industry has been virtually non-existent in India till the 2000s. The Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2010 was one of the measures adopted by SEBI in July 2010 to prevent recurrence of these scams. This regulation required greater voting transparency and disclosure of the procedures used to determine shareholders’ voting rights. Because of this SEBI regulation and the already-increasing activism and indulgence of

shareholders, investment climate was becoming increasingly mature, which led to the establishment of proxy advisory industries in India.

The first proxy advisory firm in India InGovern Research Services was formed in June 2010. Thereafter, various firms like the Institutional Investor Advisory Services (IIAS) and Stakeholders Empowerment Services (SES), have been formed and significant development of these organizations has been observed.

## WHY ARE PROXY ADVISORY FIRMS CONSIDERED IMPORTANT

The services provided by the Proxy Advisory Firms to the shareholders are important as they help in taking decisions on several significant corporate matters in which they are unable to keep themselves updated. The Proxy Advisory Firms help the shareholders save substantial time in research, detailed analysis and comprehensive evaluation of corporate matters, as required for taking an informed decision. These Proxy Advisory Firms carry out independent research and comprehensive analysis on the existing and future business scenarios which help the shareholders arrive at a well informed decision that not only help in securing their own investment but also the company’s long term interest.

High Net Worth Investors and Institutional Investors have holdings in different companies and in many cases they are unable to either go through the annual report in detail or attend the general meetings convened by such companies. In such cases, Proxy Advisory Firms provide valuable insight on the way the investors should vote on the resolutions / corporate actions proposed by such companies so that the investors can secure consistent returns across portfolios. Moreover, the institutional investors rely on the Proxy Advisory Firms for their opinions on best governance practices followed by the companies and their recommendations on financial transactions, remuneration, ESG matters, organisational stewardship and other matters.

## WHAT IS THE ROLE OF PROXY ADVISORY FIRMS

### • Corporate Governance

The Proxy Advisory Firms conduct detailed analysis of the corporate information and data on management and operations of the company which help in understanding the principles of transparency, stakeholder engagement, accountability and effectiveness of Corporate Governance of an organisation.

- **Comparable practices**

The Proxy Advisory Firms reflect upon the corporate practices which help them gain valuable insights on industry standards for remuneration, sustainability, ESG and other matters and evaluate how a particular company stands vis-à-vis other similar companies.

- **Driver of positive growth**

Proxy Advisory Firms provide guidance to the organisation by showing the road to success in a dynamic environment through best governance practices, which creates significant difference in the long term growth of an organisation.



## WHAT ARE THE FUNCTIONS PERFORMED BY THE PROXY ADVISORY FIRMS

- The primary responsibility lies in proxy advisory, or advising on the intricate company matters.
- They help shareholders exercise their voting rights in significant company decisions like the appointment of directors and their remuneration.
- To provide a report that basically serves as a scorecard or rating of the entity's corporate governance.
- To give analysis on Environmental, Social and Governance (ESG). All of the company's factors are examined in ESG analysis to determine potential growth opportunities and threats.
- To keep an eye on risks and safeguard investors interests.

## WHAT IS THE CONNECTION BETWEEN CORPORATE GOVERNANCE IN INDIA AND PROXY ADVISORY FIRMS

The Companies Act of 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 have enhanced corporate governance standards and have also increased the significance of Proxy Advisory Firms in the business world.

High Net Worth Investors and Institutional Investors have holdings in different companies and in many cases they are unable to either go through the annual report in detail or attend the general meetings convened by such companies. In such cases, Proxy Advisory Firms provide valuable insight on the way the investors should vote on the resolutions / corporate actions proposed by such companies.

## WHAT ARE THE KEY DRIVERS OF CORPORATE GOVERNANCE FOR PROXY ADVISORY FIRMS

The Proxy Advisory Firms serve as the instrument that aids in meeting the stringent standards of corporate governance. These firms help investors understand the company's agenda and provide them with analysis of various proposals and voting decisions. Investors are the driving force behind corporate governance. In a nutshell, Proxy Advisory Firms are able to direct investors in decisions that the investors will make regarding the company. Additionally, corporate bodies must adhere to these recommendations or risk a negative impact on their reputation and investor confidence, which could result in lower share prices, reduction in inflow of funds, and other consequences. There are numerous instances in which the recommendations of the proxy advisors have assisted in the implementation of improved governance policies by the businesses. For instance, the foreign investors, based on the advice of Proxy Advisory Firms, voted against the appointment of reputed persons as non-executive chairman / directors of large companies if they are on the Board of a large number of companies and it was of the view that such people would not be able to simultaneously manage all of the positions effectively. Similarly, the Proxy Advisory Firms have recommended voting against proposals where independent Directors have been on the Board of a company for a large number of years, thereby causing doubts about the level of independence in such cases.

As a result, it has been observed that Proxy Advisory Firms work towards the company's smooth operation through their recommendations.

## WHAT ARE THE RECOMMENDATIONS TOWARDS FOLLOWING GOOD GOVERNANCE POLICIES

The reports of the Proxy Advisory Firms assist the organizations in building their standing and trust among the investors. Investors will have more faith in the business if the report highlights the positive aspects of the company's



decisions and legal compliance. This encourages more investments in the company. As a result, businesses frequently adhere to policies of good governance in order to benefit from the proxy advisors' recommendations. Most of the time, shareholders like to invest in companies that fall under the jurisdiction of these advisory firms because they can get information about the company that investors wouldn't have had access to otherwise.

### HOW DO PROXY ADVISORY FIRMS ACT AS CORPORATE WATCHDOGS

The Proxy Advisory Firms monitor the companies to see if they are complying with the rules and working in the best interest of shareholders. Since the shareholders only participate as passive investors in the company in the past, they were unable to weigh the benefits and drawbacks of organizational changes, and which were detrimental to their interests. However, the Proxy Advisory Firms have changed the entire situation, allowing them to bring up any issue that harms shareholders' interests and force the company to consider it.

There have also been instances where Proxy Advisory Firms have raised issues relating to payment of remuneration to managerial personnel without the shareholders' explicit consent which was substantially higher than the limit permitted under the law. The Proxy Advisory Firms specifically advised shareholders to vote against the proposal, as the company's performance was not commensurate with such remuneration. Hence, the corporate bodies must listen to the advice of the advisory firms.

### WHAT DO THE SEBI RULES SAY IN RELATION TO PROXY ADVISORY FIRMS

For a company, the Proxy Advisory Firms play a significant role in voting, as previously mentioned. Since the major decisions that will be voted on by the company's shareholders are influenced by their advice, any biased recommendation can be disastrous for the business. As a result, the SEBI (Research Analysts) Regulations, 2014 have been issued to prevent conflicts of interest and inaccurate reports. On August 3, 2020, the Procedural Guidelines for Proxy Advisors were introduced to regulate the powers of proxy firms. They came into effect on January 1, 2021 (September 1, 2020 was originally chosen as the date of enforcement, but was deferred due to the pandemic). Despite the fact that these regulations were still new, the following conditions had to be met:

1. First and foremost, every proxy advisory firm must register with SEBI.
2. They are required to disclose all proxy advisor recommendations.
3. To ensure the company's internal functioning and discipline, a proper framework must be established.
4. Proper records must be kept in relation to the advice provided by the advisory firms.
5. It also provided a plan for the code of conduct that must be followed, which includes eight principles like honesty, good faith, confidentiality and others.

In August 2018, there was a vote on the resolution for the re-appointment of three heads of a private sector bank in India. The domestic and international proxy advisors advised investors to vote against the resolution, consequently, two directors were withdrawn and the third was re-appointed as the bank's director by a small margin. Numerous market specialists voiced their disapproval of this incident. The primary cause of such criticism has been the fact that these recommendations are being formulated by international advisors and are not appropriate for the Indian context because these guidelines are based on practices followed in their home country and not here. As a result, they believe they are unable to provide advice for the Indian situation. In addition, erroneous and hasty advice may result in adverse outcomes. A strong policy to regulate the functions of proxy advisory firms was called for. In response to this incident, SEBI established a committee in November 2018 to investigate the matter and recommend modifications to the 2014 guidelines that previously governed proxy advisories. In May 2019, the committee delivered its report to SEBI, and new guidelines were enacted. Procedural guidelines for proxy advisors and a way to settle disputes between listed entities and proxy advisors were also among these.

### WHAT IS THE GRIEVANCE REDRESSAL MECHANISM FOR LISTED COMPANIES

SEBI has established a mechanism in accordance with these new guidelines to address and alleviate the problems that listed companies face. This means that the companies that are aggrieved with the recommendations made by Proxy Advisory Firms can intimate SEBI about their complaint. The SEBI will arbitrate between the two parties, and after examining the issue, will discharge the case in the appropriate manner. This system is based on natural justice because it gives the company the right to be heard if the policies and recommendations made by the Proxy Advisory Firms are misplaced or incorrect.

By standardizing the proxy industry, these guidelines will increase shareholder and business security. The Proxy Advisory Firms credibility will also improve as a result of such transparency. However, the Proxy Advisory Firms will incur additional liability for compliance with all of these regulations.

### WHAT ARE THE MAJOR CHALLENGES FACED BY THE PROXY ADVISORY INDUSTRY

The industry has a lot of potential for growth, but there are still some obstacles that need to be taken into consideration and necessary steps have to be taken to overcome the same. The proxy industries face the following challenges:

- **Passive attitude of Shareholders**

Majority of the time, shareholders are not aware of and uninterested in the organization's corporate governance standards, in contrast to investors in other nations who follow the recommendations of the Proxy Advisory Firms. The reason being the shareholders have been passive for a long time. As a result, awareness needs to be raised in order to encourage shareholder activism, which in turn will contribute to the expansion of the proxy advisory industry.

Numerous organizations, including SEBI and the Institute of Company Secretaries of India, have stepped forward in an effort to raise awareness of Proxy Advisory Firms.

- **Resistance from the corporate bodies**

Before they could even gain the trust of investors, Proxy Advisory Firms began to encounter resistance from corporate entities. Companies repeatedly make allegations of Proxy Advisory Firms having a personal agenda, not following proper research practices, not caring about companies and misleading investors with unreliable recommendations. Additionally, the Proxy Advisory Firms increased credibility following the SEBI guidelines necessitates additional effort on the part of these companies to demonstrate their worth.

- **Unavailability of resources**

There was neither a specialized degree nor a program designed specifically for employees to meet the requirements of this sector. People were being hired by the businesses based on their ability to reason logically and then trained to induct them. As a result, it is a big challenge to identify and recruit people with the right skills for this job.

- **Increased cost**

The entire procedure of getting ready reports on internal matters of the companies is complex as well as costly on the grounds that it includes broad exploration and detailed analysis in itself. However, in view of SEBI's guidelines in place, detailed reports would need for additional resources and incurring enhanced expenses which has to be borne by the Proxy advisors.

### CONCLUSION

Investors in India's stock market are becoming increasingly interested in the complexities of the market. The Proxy Advisory Firms industry's expansion in India has undoubtedly been facilitated by this. Since they are so integral to the company's operation, Proxy Advisory Firms have revolutionized corporate governance. Now that the annual meetings aren't just dictated by a few people, the directors of the company have to tune in and follow the advice of proxy advisors. Investors in the companies benefit from the processes followed by the Proxy Advisory Firms with respect to transparency and checks & balances, and the investors can be aware of granular details on the management and governance of the concerned company. A better understanding of the situation and the shareholders' decision-making process may benefit from the recommendations of the Proxy Advisory Firms. Since India is the centre of family-owned businesses and other shareholders are in the minority, the authority cannot be easily challenged, despite the fact that the proxy advisory industry plays a much smaller role in India than it does in the Western countries. However, this role of Proxy Advisory Firms is likely to change over the next ten years due to an increase in startups with diversified shareholdings. It is envisaged that over the years, Proxy Advisory Firms will continue to play a crucial role in expressing investor concerns through positive interactions with the businesses. 

# Role of Stewardship and Proxy Firms in Strengthening Corporate Governance

Under the auspices of an Indian Stewardship Code, effective corporate governance and responsible shareholder involvement should further increase the attractiveness of India's capital markets to both domestic and foreign investors. Through this code, the SEBI aims to create an inclusive stewardship policy for institutional investors that addresses policies for conflict management, training the staff responsible for putting the stewardship code's principles into practice, keeping track of investee companies, interfering in investee companies, working with other institutional investors, and voting. In the light of this, businesses and investors should now begin seriously considering what they must do to enable and encourage responsible shareholder participation for the benefit of all parties involved. Proxy advisory firms provide institutional investors with research and data, as well as recommendations on management and shareholder proxy proposals that are voted on at an organization's annual and extraordinary general meetings. Proxy advisory firms provide an essential service and help shareholders make decisions on numerous high-level matters that they are not always able to keep up with on their own. The institutional investors should appropriately weigh the views of the proxy advisors and the subject company, and ultimately make their own independent analysis of the facts in hand to decide on the issue. If the proxy advisory firms work in the management's best practice with compliance of law, all the stakeholders will derive benefits from their services and a good corporate governance objective will be achieved. Proxy advisors perform the function of educating investors of the right corporate governance practices on the basis of the research undertaken by them. Thus, they are expected to act as catalysts in strengthening corporate governance.



**Dr. V. Balachandran, FCS**

Professor and Dean, School of Business Studies,  
Central University of Kerala  
Kerala  
[drvbchand@gmail.com](mailto:drvbchand@gmail.com)

## INTRODUCTION

The proxy advisory industry has grown over the past thirty years as a result of various market and regulatory developments. Investors buy shares through the share market and do not have any personal access to the companies. The first proxy advisory firm came up in India was 'InGovern Research Services' started by Mr. Shriram Subramanian. Since then several other firms like the Institutional Investors' Advisory Services (IiAS), Stakeholders Empowerment Services (SES), etc. have been incepted and enormous growth of these firms has been recorded. The proxy advisory firms are defined under regulation 2(i) (p) of the SEBI (Research Analysts) Regulations, 2014 which were issued by the Securities and Exchange Board of India (SEBI). In this globalized economy, lakhs of shareholders have invested their money in innumerable companies across the country. There

are many foreign investors, minority investors, small investors and there are shareholders with odd lot shares. It is true that the shareholders are scattered across the country. Thus, it is not feasible for everyone to cast their votes physically. An attempt is made in this article to understand the concepts such as stewardship code, stewardship responsibilities, proxy advisory firm, role of proxy advisory firms, research analyst and their responsibilities and implications of proxy advisory recommendations on corporate decisions in strengthening corporate governance.

## Stewardship – Meaning

The term *stewardship* means 'careful and responsible management of something entrusted to one's care'. Stewardship is the skill of leading, overseeing, or managing something that has been given under one's responsibility. It is an ethical value that embodies the responsible planning and management of resources. In the present knowledge era, stewardship can be applied to the environmental, social, governance, nature, economics, health, property, information, theology, cultural resources etc. In their lexicon, stewards are those responsible for investors/shareholders who themselves are diligent shareholders. They are concerned with holding the Board accountable on behalf of and in the interest of others. Stewards have already started raising the baton for ESG issues and looking into the major decisions of the corporates so as to enhance the corporate governance culture prevailing in corporates. The core values of stewardship include (i) Identity; (ii) Trust; (iii) Gratitude; and (iv) Love.

Among the various theories of corporate governance, two theories, namely Agency Theory and Stewardship Theory are discussed in the following paragraphs to bring out the distinction between them.

## Agency Theory

Agency theory defines the relationship between the principals (such as shareholders of a company) and agents (such as directors of a company). According to this theory, the principals of the company hire agents to perform work. The principals delegate the work of running and managing the business to the directors or managers, who are agents of shareholders. The shareholders expect the agents to act and make decisions in the best interest of their principals. According to this theory, key managerial personnel can take advantage of their powerful positions to maximize their personal economic utility, whereas stewardship theory perceives that key managerial personnel are motivated through performance excellence in terms of enhanced output and revenue to the companies and will balance their interests with those of other stakeholders.

The Agency theory conceptualizes the role and attitude of agents, managers and directors of companies. It seeks to address the issue of what is known as agency problems, which exist as a consequence of the appointment of boards and managers in companies and the separation of ownership and control (Jensen and Meckling 1976; Fama 1980; Fama and Jensen 1983). Though shareholders are said to be the owners of a company, the real supervision and control are vested in the hands of the directors and managers. According to the agency theory, holding directors accountable for what they do is one of the major issues of corporate governance (Filatotchev et al 2007).

The Agency theory holds that the main issue is ascertaining how the principals (the shareholders in corporate governance) can ensure that the agents (the directors) act in the interests of the principals rather than in their own interests (Pastoriza and Arinio 2008). Given that, according to agency theory agents will seek to maximize their own personal interests when they are engaged in business activities. Following that, many commentators have seen the existence of agency problems as the primary, or only, rationale for ensuring that the board of directors is accountable for what it does (Keay, 2014; Moore 2013). The Agency theory has been the leading theoretical device employed in accountability studies to formulate hypotheses concerning the likely behaviour of those involved in accountability processes (Schillemans and Basuic 2015; Van Slyke 2006). In other words, the Agency theory perceives directors as agents who will act as self-maximisers rather than being concerned for the interests of their company and its shareholders/stakeholders.

## Stewardship Theory

Stewardship theory was introduced by Donaldson and Davis in 1989 and presented as a normative alternative to the agency theory. Unlike agency theory which focuses on control and conflict, stewardship theory emphasises co-operation and collaboration (Sundaramuthy and Lewis 2003), and provides a non-economic premise for explaining the relationship.

The stewardship theory states that managers will act as responsible stewards of the assets they control, and describes the existence of a strong relationship between satisfaction and organizational success. "Stewardship is the responsible

It is true that the shareholders are scattered across the country. Thus, it is not feasible for everyone to cast their votes physically. An attempt is made in this article to understand the concepts such as stewardship code, stewardship responsibilities, proxy advisory firm, role of proxy advisory firms, research analyst and their responsibilities and implications of proxy advisory recommendations on corporate decisions in strengthening corporate governance.

allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. It is therefore evident that stewardship has to be considered from the long term view point for generating sustainable benefits to the stakeholders"

Stewardship theory holds that ownership doesn't really own a company; it's merely holding it in trust. It states that a steward protects and maximizes shareholders' wealth through continued performance in terms of higher productivity and enhanced profits. Stewards are company executives and managers working for the shareholders so as to protect and earn reasonably adequate profits for maximizing the wealth of shareholders. The stewards are satisfied and motivated when they perceive that they have achieved the set targets and realized substantial profits more than what they anticipated.

Today, directors as stewards, are not only accountable to make responsible use of resources that they hold as Trustees, but also leave it in an enhanced condition for long term benefits for the forthcoming generations. It lays stress on the position of employees or executives to act more autonomously so that the shareholders' returns are maximized. The employees take ownership of their jobs and work with a goal of achieving targets/ plans/policies with varied strategies and skills. Steward leadership is having a proactive desire to create a better future for key stakeholders while responsibly balancing the needs of others, society, future generations, and the environment. Stewardship policies are generally intended to benefit investors and shareholders because they promote greater overall transparency and accountability, foster a culture of responsibility and enhance long-term profitability.

## Role of Institutional Investors

In 1932, Berle and Means, predicted institutional investors to be the force that would erupt in the face of shareholder apathy and help reinforce the separation between ownership and management. However, owing to the rise of companies with concentrated shareholding, the Berle and Means model of the corporation failed to hold ground (Cheffins 2018). Shareholder activism hence became

## Role of Stewardship and Proxy Firms in Strengthening Corporate Governance

crucial for upholding good corporate governance practices (McCormack 1998).

The importance of institutional investors in capital markets across the world is increasing the world over and increased engagement is also seen as an important step towards improved corporate governance in the investee companies and gives a greater fillip to the protection of the interest of investors in such companies.

### THE STEWARDSHIP CODE, 2019

The Stewardship Code for all Mutual Funds and all categories of AIFs, in relation to their investment in listed equities are briefly covered below:

The Stewardship Code, 2019 came into effect on 1 July 2020 and has been adopted by a majority of the institutional investors in India. Institutional investors are primarily responsible for diligently investing their clients' money to yield profits. However, stewardship responsibilities also encompass a duty of care that institutional investors must exercise towards the upkeep of the corporate governance of their investee companies. The Stewardship Code, 2019 is a framework built on principles that facilitates institutional investors in carrying out their obligations to safeguard and increase the value of their beneficiaries' interests. The SEBI has ordered mutual funds to vote compulsorily on certain specified issues related to company resolutions in order to further increase transparency.

#### Six Principles of Stewardship Code of SEBI

The six principles of Stewardship Code are given below:

**Principle 1:** Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.

**Principle 2:** Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

**Principle 3:** Institutional investors should monitor their investee companies.

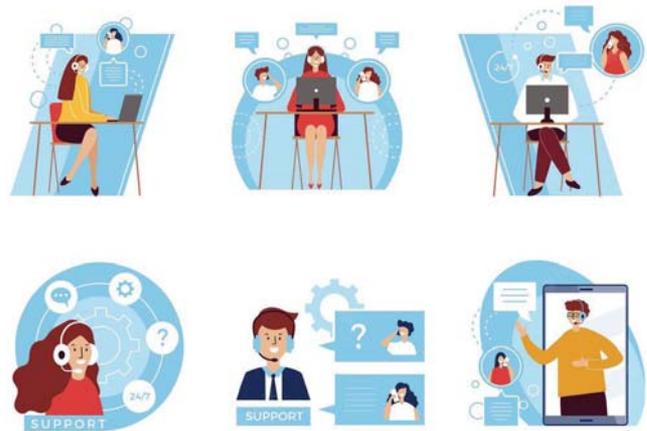
**Principle 4:** Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.

**Principle 5:** Institutional investors should have a clear policy on voting and disclosure of voting activity.

**Principle 6:** Institutional investors should report periodically on their stewardship activities.

#### Stewardship Responsibilities

The Institutional Investors are expected to shoulder greater responsibility towards their clients / beneficiaries by enhancing monitoring and engagement with their investee



companies. Such activities are commonly referred to as 'Stewardship Responsibilities' of the institutional investors and are intended to protect their clients' wealth. Thus, Institutional investors are expected to constantly keep an eye on the performance of companies in which they have investments including the investee company's operational and financial performance, business strategy, corporate governance, board diversity, remuneration, capital structure, related party transactions, opportunities or challenges such as ESG risks, changing trends of technology and their impact on economy, shareholders' grievances, etc., Institutional investors including Pension Funds, Mutual Funds, Insurance Companies, Asset Management Companies, Investment Advisors etc. are the stewards of the commercial markets. They have a responsibility to use their rights as shareholders of investee companies to make sure that their client's money that is invested in different companies generates profitable returns and the investee company does not mis-manage the money.

The areas of monitoring by Institutional Investors as suggested by SEBI shall, inter-alia, include:

- Company strategy and performance - operational, financial etc.
- Industry-level monitoring and possible impact on the investee companies.
- Quality of company management, board, leadership etc.
- Corporate governance including, Board structure, composition of the Board, Board diversity, independent directors, remuneration, related party transaction etc.
- Risks, including Environmental, Social and Governance (ESG) risks
- Shareholder rights, their grievances etc.

#### Definition of Proxy Adviser

According to Regulation 2(i) (p) of SEBI(Research Analysts) Regulations, 2014, "proxy adviser" means any person who provides advice, through any means, to institutional investor or shareholder of a company, in relation to exercise of their rights in the company including recommendations on public offer or voting recommendation on agenda items.

### Need for emergence of Proxy Advisory Firms

In this globalized economy, lakhs of shareholders have invested their money in innumerable companies across the country. There are many foreign investors, minority investors, small investors and there are shareholders with odd lot shares. It is true that the shareholders are scattered across the country. Thus, it is not feasible for everyone to cast their votes physically. It is due to this fact high level shareholders are not in a position to attend and exercise their voting rights in the Annual general body meetings or Extra-ordinary general meetings. Under these circumstances, proxy advisory firms can offer valuable insight into how they should vote on significant corporate actions to ensure continued success across their portfolios. Furthermore, because they reflect the consensus views of their clients, companies may look to proxy advisors' policies as the best practices in governance, which provides value to all investors with a stake in the company governance.

The decisions on whether to vote for or against various resolutions by shareholders at the annual general meetings are increasingly being driven by what the proxy advisor recommends. Also, voting is largely done by the custodians on behalf of the institutional investors, based on recommendations of the proxy advisors. This mechanism of voting evolved according to the needs of society and the proxy advisory firms came into the picture that acted as third-party consultants and provided expert advice and recommendations on whether to vote 'for' or 'against' the motion decided in the company.

### ROLE OF PROXY FIRMS AS STEWARDS

Proxy Advisory Firms are independent analysts providing advisory services to investors and recommending to them the effect of their vote in their shareholding and other corporate decisions. Proxy advisory firms basically safeguard the shareholders' rights which lead to good corporate governance. They advise institutional investors on how to vote on the thousands of shareholder resolutions that arise every year.

They are research-based entities which formulate recommendations on the decisions of companies which require shareholders' approval. These advisory firms guide the shareholders to make sound investment decisions and exercise their voting rights effectively. Since the implementation of the Companies Act 2013 and enhanced corporate governance standards under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the role of proxy advisers has become more prominent. Over the last few years, proxy advisers have been at the forefront of advocating compliance with stringent corporate governance norms. Their recommendations have been responsible for shaping increased disclosures, transparency and compliance with the best corporate governance practices by many listed companies in India.

Matters that require shareholder approval under the Companies Act, 2013, are of significant importance and include decisions pertaining to appointment of directors (including managing director, whole-time directors,

independent directors), manager, approval of their remuneration, alteration of Articles or Memorandum of Association of the company, etc. The clientele of the proxy advisory firms includes institutional investors, who are usually not privy to the affairs of the company. Thus, they consider it appropriate to rely on the recommendations issued by the said entities. As in case of certain companies the shareholding/voting rights of such investors may be considerably large, the recommendations of a proxy advisory firm may substantially influence the decision-making by the investors and ultimately impact the affairs of the company.

Proxy advisory firms provide institutional investors with research and data, as well as recommendations on management and shareholder proxy proposals that are voted on at an organization's annual and extraordinary general meetings. Operating as independent research firms, they digest and evaluate lengthy and complex filings on common corporate endeavours, including mergers & acquisitions, CEO salary, and more. With rich experience and adequate exposure to the capital market and expertise gained over the years, proxy advisors enable key shareholders to protect their interests by helping them take an informed voting decision. Proxy advisory firms provide these voting recommendations to institutional investors for the companies.

Proxy advisory firms provide an essential service and help shareholders to decide on numerous high-level matters that they are not always able to keep up with on their own. Without firms like Glass Lewis and the like, investors and shareholders would not have the time to research agenda items in order to make informed decisions. Providing independent research and heavily-analyzed data based on current and projected market conditions, proxy advisory firms are able to help shareholders make rational decisions that benefit the company as well as their own investments.

The recommendations of proxy advisory firms help the investors to obtain a more considered understanding of different agenda items and to arrive at an informed voting decision, allowing them to optimize their own limited resources and cast their votes in a timely and informed manner. These firms are usually guided by the best practices in governance standards and encourage corporates to adopt and comply with those standards by sending information to all corporate shareholders about the corporation's governance. This practice pressurises directors to conform to governance standards or face a recommendation from the advisory firm against election or re-election.

### Areas of Support by Proxy Advisory Firms

The following are some of the significant areas that Proxy Advisory Firms extend their support:

- a) Environment, social, and governance (ESG);
- b) Proxy voting;
- c) Proxy research;
- d) Executive compensation models; and
- e) Board diversity.

**Disclosure requirements to be complied with by the proxy advisors**

SEBI (Research Analysts) Regulations, 2014 talk about the eligibility norms, Capital adequacy registrations, and management of conflict of interest and disclosure requirements and other aspects. Regulation 23 of the SEBI (Research Analysts) Regulations, 2014 stipulates a proxy advisor to disclose the policies and procedures for interacting with issuers, informing issuers about the recommendation and review of recommendations. The above-mentioned SEBI procedural guidelines for proxy advisors state that the proxy advisor shall have a stated process to communicate with its clients and the company. Further, proxy advisors shall share their report with their clients and the company at the same time. This 'sharing policy' is required to be disclosed by proxy advisors on their website.

Proxy advisors are required to additionally disclose in their reports the extent of research work involved in a particular recommendation and the extent and/or effectiveness of its controls and procedures in ensuring the accuracy of issuer data in accordance with Regulation 23 of the SEBI Regulations. Further, the above-mentioned procedural guidelines issued by SEBI state that proxy advisors shall ensure that the recommendation policies are reviewed at least once annually. They shall further disclose the methodologies and processes followed in the development of their research and corresponding recommendations to their clients.

The Report of the Working Group dated July 29, 2019, formulated by SEBI on issues concerning proxy advisors has proposed for proxy advisors to send an unedited response of the company to all its subscribers. In case a company is not satisfied with the response, it may write again to proxy advisors and in case the response is still not acceptable, the Company concerned may approach SEBI under the SEBI Regulations seeking SEBI's intervention. However, mere differences based on opinion, which are backed with authentic public data and analysis, cannot be the basis of any complaint or litigation.

**Additional disclosures by proxy advisors [Regulation 23(1 to 4)]**

All the provisions of Chapter II, III, IV, V and VI shall apply *mutatis mutandis* to the proxy adviser:

- (1) The employees of proxy advisors engaged in providing proxy advisory services shall be required to have a minimum qualification of being a graduate in any discipline. Besides, certification requirements for employees of proxy advisors engaged in providing proxy advisory services shall be as specified by the Board. Moreover, the time period for compliance with capital adequacy as provided in regulation 8(3) for proxy advisors shall be three years.
- (2) The proxy adviser shall additionally disclose the following:
  - (i) the extent of research involved in a particular recommendation and the extent and/or effectiveness of its controls and procedures in ensuring the accuracy of issuer data; (ii) policies and procedures for interacting with issuers, informing issuers about the recommendation and review of recommendations.

- (3) Proxy adviser shall maintain the record of their voting recommendations and furnish the same to the Board on request.
- (4) In case of any inconsistency or difficulty in respect of applicability of provisions of these regulations to proxy advisors, the Board may issue such clarifications or exemptions as may be deemed appropriate.

**Definition of Research Analyst:** According to Regulation 2(i) (u) "research analyst" means a person who is primarily responsible for the following: (i). preparation or publication of the content of the research report; or (ii). providing research report; or (iii). making 'buy/sell/hold' recommendation; or (iv). giving price target; or (v). offering an opinion concerning public offer, with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis. **Explanation:** The term also includes any associated person who reports directly or indirectly to such a research analyst in connection with activities provided above;

**General responsibility** [Regulation 24(1)] The general responsibilities of a Research analyst or research entity are enumerated below:

- (1) The research analyst shall maintain an arms-length relationship between its research activity and other activities.
- (2) Research analyst or research entity shall abide by Code of Conduct as specified in Third Schedule.
- (3) In case of change in control of the research analyst or research entity, prior approval from the Board shall be taken.
- (4) Research analyst or research entity shall furnish to the Board information and reports as may be specified by the Board from time to time.
- (5) It shall be the responsibility of the research analyst or research entity to ensure that its employees or partners, as may be applicable, comply with the certification and qualification requirements under regulation 7 at all times.

**Maintenance of records [Regulation 25(1)]**

Under regulation 25(1), the Research analyst or research entity shall maintain the following records:

- (i) research report duly signed and dated; (ii) research recommendation provided; (iii) rationale for arriving at research recommendation; (iv) record of public appearance.
- (2) All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years: Provided that where records are required to be duly signed and are maintained in electronic form, such records shall be digitally signed. (3) Research analyst or research entity shall conduct annual audit in respect of compliance with these regulations from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India.

**Research report to state only correct and true information**

Regulation 20 of the SEBI Regulations stipulate that a research analyst or research entity shall take steps to ensure that facts in its research reports are based on reliable information and shall define the terms used in making recommendations, and these terms shall be consistently used.

**Conflict of interest:** Conflict of interest is a major concern in the case of proxy advisory firms providing other services like consultancy services to the company in addition to being advisors to its investors. Thus, it may give rise to biased opinions which are reflected in the recommendations of the advisory entity, resulting in negative impact on the shareholder interest. Chapter III of the SEBI Regulations deals with management of conflict of interest and disclosure requirements which mutatis mutandis applies to proxy advisors. As per Regulation 15 (1) of SEBI Regulations, the entities are required to maintain internal policies and procedures governing the dealing and trading by any research analyst for addressing actual or potential conflict of interest arising from such dealings or trading of securities of the subject company. The said Regulations further prescribe restrictions on the dealings by employees of the advisory firms. Regulation 17 provides for the conditions on the compensation received by research analysts, wherein the compensation is required to be reviewed by the board of the research entity and is to be independent of the brokerage services division. Further, the SEBI Regulations prescribe for restriction on publication and distribution of reports of a subject company in which the research analyst has acted as a manager or co-manager.

**Difference of opinion:** The views of proxy advisors as discussed herein are solely based on their research and interpretation not subject to the approval of any regulator. Further, the benchmarks set by the entities are based on the highest corporate governance principles, hence they may surpass the requirement of law. Thus, an objection may only be raised by companies in case of abuse of power by the proxy advisors by violating the Code of Conduct as mandatorily prescribed under SEBI Regulations. The procedural guidelines issued by SEBI state that they shall clearly disclose in their recommendations the legal requirement vis-a-vis higher standard they are suggesting if any, and the rationale behind the recommendation of higher standards.

A research analyst or research entity that employs a rating system must clearly define the meaning of each such rating including the time horizon and benchmarks on which a rating is based. If a research report contains either a rating or price target for subject company's securities and the research analyst or research entity has assigned a rating or price target to the securities for at least one year, such research report shall also provide the graph of daily closing price of such securities for the period assigned or for a three-year period, whichever is shorter.

In November 2018, SEBI formed a working group to provide inputs and insights into the 'issues related to proxy advisers'. The working group was required to review the provisions of the Research Analyst (RA) Regulations and functional areas of proxy advisers, including rights and obligations. The working group was also expected to reflect on other matters pertaining to proxy advisers.

In May 2019, the working group issued its 39 page report, addressing various aspects of proxy advisory firms, which were categorized into buckets of: 'conflict of interest, governance and disclosures'; 'infrastructure and skills requirement'; 'voting, fiduciary duty and information sharing'; 'interaction with corporates'; 'setting basic industry standards'; 'cost and competition'; and 'additional points'

As per SEBI procedural guidelines for proxy advisors issued on August 3, 2020, proxy advisors are required to disclose conflict of interest on every specific document where they are giving their advice. Conflict of interest is a major concern in the case of proxy advisory firms providing other services like consultancy services to the company in addition to being advisors to its investors. Thus, it may give rise to biased opinions which are reflected in the recommendations of the advisory entity, resulting in negative impact on the shareholder interest.

**IMPLICATIONS OF PROXY ADVISOR RECOMMENDATION ON CORPORATE DECISIONS**

Proxy advisors perform the function of educating investors of the right corporate governance practices on the basis of the research undertaken by them. Thus, they may act as catalysts in strengthening corporate governance. However, the downside to the process is the possibility of concentration of power with the proxy advisors and lack of regulatory overview or safeguards w.r.t. their opinions. Since the guidelines are based on best governance practices, they may go beyond the provisions of law. Further, the recommendations and guidelines thus issued are not subject to regulatory overview or approval. They are solely the views of the advisory entities and may thus differ on the grounds of interpretation or factual information. Thus, the said recommendations and guidelines must be used as a tool for further analysis by the investor and thereafter making independent decisions and not as views of the regulator, on account of the proxy advisors being licensed market intermediaries.

Further, the disclosures should especially address possible areas of potential conflict and the safeguards that have been put in place to mitigate possible conflicts of interest. They are also required to establish clear procedures to disclose, manage and/or mitigate any potential conflicts of interest resulting from other business activities including consulting services, if any, undertaken by them and disclose the same to clients.

As per the SEBI procedural guidelines for proxy advisors issued on August 3, 2020, proxy advisors are required to disclose conflict of interest on every specific document where they are giving their advice. Further, the disclosures should especially address possible areas of potential conflict and the safeguards that have been put in place to mitigate possible conflicts of interest. They are also required to establish clear procedures to disclose, manage and/or mitigate any potential conflicts of interest resulting from other business activities including consulting services, if any, undertaken by them and disclose the same to clients.

Proxy advisory firms play a key role in making our corporate governance system effective, boosting accountability, transparency, and engagement of board members and shareholders and are expected to reflect best corporate

practices. By engaging a proxy advisory firm, corporations can gain insights into industry standards for compensation as well as ESG and other matters. Effective corporate governance can make a significant difference in the long-term growth of an organization. By encouraging better governance, proxy advisory firms help pave the way for organizations to flourish in an ever-changing marketplace. Proxy advisory firms exist to provide sound recommendations with regards to financial transactions, compensation and can enhance an organization's stewardship and ESG program. By advising shareholders on these issues, proxy advisors help promote strong corporate governance.

### Code of Conduct for Research Analyst

Further, the code of conduct for the research analysts is depicted below as stated in the THIRD SCHEDULE [See sub-regulation (2) of regulation 24]

1. Honesty and Good Faith: Research analyst or research entity shall act honestly and in good faith.
2. Diligence Research analyst or research entity shall act with due skill, care and diligence and shall ensure that the research report is prepared after thorough analysis.
3. Conflict of Interest Research analyst or research entity shall effectively address conflict of interest which may affect the impartiality of its research analysis and research report and shall make appropriate disclosures to address the same.
4. Insider Trading or front running Research analyst or research entity or its employees shall not engage in insider trading or front running or front running of its own research report.
5. Confidentiality Research analyst or research entity or its employees shall maintain confidentiality of report till the report is made public.
6. Professional Standard Research analyst or research entity or its employees engaged in research analysis shall observe high professional standard while preparing research report.
7. Compliance Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities.
8. Responsibility of senior management: The senior management of research analyst or research entity shall bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures.

### CONCLUSION

Proxy advisors have emerged as useful information intermediaries that facilitate shareholders to exercise their voting rights. Their effectiveness in facilitating shareholder dissent is conditioned by firms' ownership composition as well as the prevailing corporate governance system in a given country. The role played by the proxy firms cannot be denied as their advice is based on their research on corporate

governance decisions. It is recommended that the policies adopted by the firm should be aligned with SEBI regulation and the requirement of companies Act-2013. Corporate Governance is important to stakeholders because it tries to ensure fair treatment of all shareholders, including minority and foreign shareholders. Corporate governance aims to determine the ways to reach the most effective strategic decisions. To ensure transparency, a strong and balanced economic development for the organization is required. Proxy advisory firms are not only expected to highlight facts, they are also expected to give opinions on several matters. There should be enough safeguards in the law to protect the proxies from being dragged to court. If the proxy advisory firms work considering the best management practices along with compliance of law, all the stakeholders will benefit from their services and a good corporate governance objective will be achieved.

### REFERENCES:

- Burhanuddin Dohadwala, Manager, Timothy Lopes, Senior Executive Vinod Kothari & Company on SEBI prescribes stricter regime for Proxy advisors; Issues procedural guidelines to be followed in addition to Code of Conduct.
- Keay, A (2017) Stewardship Theory : Is Board Accountability Necessary? International Journal of Law and Management, 59 (6). pp. 1292-1314. ISSN 1754-243X
- Procedural Guidelines for Proxy advisors [https://www.sebi.gov.in/legal/circulars/aug-2020/procedural-guidelines-for-proxy-advisors\\_47250.html](https://www.sebi.gov.in/legal/circulars/aug-2020/procedural-guidelines-for-proxy-advisors_47250.html)
- Grievance Resolution between listed entities and proxy advisors [https://www.sebi.gov.in/legal/circulars/aug-2020/grievance-resolution-between-listed-entities-and-proxyadvisors\\_47252.html](https://www.sebi.gov.in/legal/circulars/aug-2020/grievance-resolution-between-listed-entities-and-proxyadvisors_47252.html)
- Report of the Working Group on Proxy advisors [https://www.sebi.gov.in/reports/reports/jul-2019/report-of-working-group-on-issues-concerning-proxyadvisors-seeking-public-comments\\_43710.html](https://www.sebi.gov.in/reports/reports/jul-2019/report-of-working-group-on-issues-concerning-proxyadvisors-seeking-public-comments_43710.html).
- SEBI (Research Analysts) Regulations, 2014- [https://www.sebi.gov.in/legal/regulations/sep-2014/securities-and-exchange-board-of-india-research-analystsregulations-2014-last-amended-on-april-17-2020-\\_34615.html](https://www.sebi.gov.in/legal/regulations/sep-2014/securities-and-exchange-board-of-india-research-analystsregulations-2014-last-amended-on-april-17-2020-_34615.html)
- Sumit Kochar and Shivam Gera, Ahlawat & Associates, Stewardship Code For Institutional Investors: Advancing Good Corporate Governance, 23 December 2022
- <https://www.bqprime.com/opinion/the-changing-face-of-shareholders-outsourced-governance>
- <https://doi.org/10.1108/IJLMA-11-2016-0118>
- <https://en.wikipedia.org>
- <http://www.epw.in>
- <http://www.glasslewis.com>
- <http://www.ibanet.org>
- <http://www.mondaq.co>
- <https://taxguru.in/sebi/proxy-advisory-industry-changing-face-shareholder-corporate-governance.html>
- <https://vinodkothari.com/?p=34751>

# 2

## RESEARCH CORNER



■ THE ROLE OF SUSTAINABLE STOCK EXCHANGES IN PROMOTING THE SUSTAINABLE DEVELOPMENT GOALS

# The Role of Sustainable Stock Exchanges in Promoting the Sustainable Development Goals

The SSE Initiative determined that the five goals that stock exchanges are in the best position to serve are Gender Equality, Decent Work & Economic Growth, Sustainability Information, Climate Change, and Global Partnerships. Stock exchanges serve as a hub for interactions between investors, corporations, lawmakers, and regulators. The Stock Exchanges have acknowledged the United Nations' global goals and taken action to achieve them by producing sustainability indices and integrating sustainability reporting and practices. Frequently, exchanges assist regulators in promoting market standard adoption. To promote sustainability in their markets, exchanges are currently employing a variety of mechanisms.



**Dr. Sridhar L S**

Assistant Professor,  
PG & Research Department of Commerce,  
St. Joseph's College of Commerce (Autonomous),  
Bengaluru  
[sridhar@sjcc.edu.in](mailto:sridhar@sjcc.edu.in)



**Dr. D. Raja Jebasingh**

Vice Principal & Research Supervisor  
PG & Research Department of Commerce,  
St. Joseph's College of Commerce (Autonomous),  
Bengaluru  
[rajajebasingh@sjcc.edu.in](mailto:rajajebasingh@sjcc.edu.in)



**Mr. P. Lakshmi Narayanan**

Analyst – Stock Market  
Aikyam Wealth Management Services Pvt. Ltd.  
Puducherry  
[pondylakshmi@gmail.com](mailto:pondylakshmi@gmail.com)

## INTRODUCTION

Stock markets have contributed significantly to economic growth and progress by facilitating efficient capital allocation. However, exchanges and markets have evolved over time in terms of structure, interconnection, and activity rate. This has occurred against a backdrop of increased understanding of the social and environmental unsustainability of the current economic growth path.<sup>1</sup>

In addition, exchanges have a role to play in producing sustainability indices, ratings, and related products that investors will find valuable as they transition to more sustainable investment. Fundamentally, it is vital to solve some of the difficulties that new market arrangements provide. This demands a better knowledge of how the existing and changing market structure affects the fundamental capital raising and allocation function of markets, as well as a redefinition of market quality to reflect this connection.<sup>2</sup>

The Brundtland Commission coined the term sustainable development in the report 'Our Common Future', also known as the Brundtland Report. Sustainable development is defined

broadly as "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."<sup>3</sup>

The Sustainable Stock Exchanges (SSE) Initiative of the United Nations was launched in 2009 to work with stock exchanges, corporate entities, and investors to achieve the Sustainable Development Goals (SDGs) for stock exchanges.

The Sustainable Development Goals (SDGs), as adopted by the General Assembly in the 2030 Agenda for Sustainable Development, serve as a guiding principle for the SSE's activities, as they do for many other United Nations initiatives. The 17 goals and 169 targets that make up the SDGs encompass a wide array of environmental and social objectives.<sup>4</sup>

SDGs revealed that stock exchanges are best positioned to meet four pertinent goals. In addition, there is one supporting action that will enable exchanges to have an influence on these four areas and other SDGs.

- Gender Equality (Goal 5)
- Sustainability Information (Goal 12)

<sup>1</sup> UN Environment Programme (2021) *Stock Exchanges and Sustainability* <https://www.unep.org/resources/report/stock-exchanges-and-sustainability>

<sup>2</sup> *ibid*

<sup>3</sup> *Report of the World Commission on Environment and Development: Our Common Future (1987)* <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf> [accessed on 14 December, 2022]

<sup>4</sup> *Sustainability Stock Exchanges Initiative* <https://sseinitiative.org/> [accessed on 14 December, 2022]

- Climate Change (Goal 13)
- Global Partnerships (Goal 17)
- Underpinning Action: Mobilizing Finance

The five actions required of Stock Exchanges to accomplish the SDGs are as follows:

**1. ESG Reporting Recommendations:**

Assist organisations in making sustainability information public by offering guidance.

**2. Dialogue:**

Engage your fellow exchanges, investors, and issuers through an SSE Communication to Stakeholders.

**3. Sustainability Products:**

Utilize products such as ESG indexes and bond listings to encourage and mobilise capital for SDG-related topics.

**4. Requirements of Listing :**

Strengthen your listing standards to encourage the sharing and utilisation of sustainability information.

**5. Join a Global Partnership:**

Join the SSE and engage in its workgroups to promote sustainable markets and share best practises.

**THE INITIATIVE FOR SUSTAINABLE STOCK EXCHANGES**

Environmental, social, and governance (ESG) aspects are included into investment decisions through sustainable investing. The adoption of business strategies based on sustainable investing is significantly influenced by risk management. A sustainable stock exchange provides a clear and efficient solution to underlying environmental, social, economic, and corporate governance difficulties.<sup>5</sup> In 2009, the SSE was established in response to the demand from exchanges for a forum where investors, companies, and policymakers could share best practises and challenges in a multi-stakeholder setting. The initiative has evolved into a global partnership platform that includes the majority of global exchanges. Since 2012, when the first five stock exchanges opened for business, the total number of stock exchanges has increased to seven. As of 10 December 2022, 120 sustainable stock exchanges were registered, and 62,339 companies were listed, with a total market capitalization of 126,945,268.688 million US dollars.

The SSE’s objective is for all stock exchanges to offer listed companies sustainability reporting guidance. The Model Guidance compiled by the SSE is intended to assist exchanges in addressing this need by providing a model, or template, that exchanges can use to develop their own, unique guidance.

Participating stock exchanges must publicly endorse the following statement to commit to advancing sustainability in

their markets: “We voluntarily commit, through dialogue with investors, companies, and regulators, to promoting long-term sustainable investment and improved environmental, social, and corporate governance disclosure and performance among companies listed on our exchange.”<sup>6</sup>

In September 2015, when the SSE launched its Model Guidance for Exchanges, fewer than ten percent of global stock exchanges provided guidance on the reporting of environmental, social, and governance (ESG) information for their market. This lack of guidance on ESG reporting results in incomplete corporate information, posing a challenge for investors seeking a complete picture of a company’s material issues. The number of Social Stock Exchanges (SSE) is shown by year wise in the table -1 below.

Table – 1

Number of Established Social Stock Exchanges

Year	No. of Established SSE
2006	1
2008	1
2012	1
2013	1
2015	1
2016	5
2017	6
2018	5
2019	13
2020	3
2021	8
2022	3
2016	1
2018	3
2020	4
2021	2
2022	9
<b>Total</b>	<b>67</b>

Source : Sustainable Stock Exchanges Initiative <https://sseinitiative.org/>

According to a 2021 study, 95% of global stock exchanges reference the Global Reporting Initiative’s sustainability reporting framework as part of their environmental, social, and governance (ESG) guidance. This was the most frequently cited sustainability framework, but there were four others cited in more than half of all exchanges. This suggests that there is a substantial disparity between stock markets regarding the definition and measurement of ESG investments. Table 2 exhibits the ESG standards adopted by the different stock exchanges.

<sup>5</sup> Spulbar, C., Ejaz, A., Birau, R., & Trivedi, J. (2019). Sustainable investing based on momentum strategies in emerging stock markets: A case study for Bombay Stock Exchange (BSE) of India. *Scientific Annals of Economics and Business*, 66(3), 351-361.

<sup>6</sup> SSEI (Sustainable Stock Exchanges Initiative) (2013b): Frequently asked questions (FAQs). Internet: <http://www.sseinitiative.org/about/faq> 9 November 2017.

Table - 2

## Adopted ESG Standards by Different Stock Exchanges

Reporting instruments referenced in stock exchange guidance documents	Adopted ESG Standards by Different Stock Exchanges
GRI	96 %
SASB	79 %
TFCD	63 %
IIRC	76 %
CDSB	36 %
CDP	70 %

**Source :** Sustainable Stock Exchanges Initiative <https://sseinitiative.org/>

India is once again at the forefront of digital reporting, as it permits the submission of the new Business Responsibility and Sustainability Report (BRSR) in eXtensible Business Reporting Language (XBRL) format. Both the BSE (previously Bombay Stock Exchange) and the National Stock Exchange of India (NSE) have issued circulars this month informing listed companies of the availability of online XBRL submission portals.

The Securities and Exchange Board of India (SEBI) has created the Business Responsibility and Sustainability Report (BRSR) to replace the more limited Business Responsibility Report (BRR). For the 2021–22 fiscal year, it is optional, providing Indian enterprises with a valuable opportunity for a “dry run” to build and enhance their reporting systems. Beginning in 2022–2023, the BRSR will be required for India’s 1,000 largest corporations. Currently, corporations must submit their BRSRs in both XBRL and Portable Document Format (PDF).

Table - 3

## Value of sustainable bonds issued worldwide from 2014 by category (in billion U.S. dollars)

Year	Green bond	Social bond	Sustainability bond
2014	36.80	1.10	4.90
2015	44.80	3.50	16.50
2016	83.90	3.30	6.70
2017	156.90	11.40	18.30
2018	171.50	18.40	40.10
2019	266.90	22.30	69.10
2020	290.10	248.60	159.90
2021*	334.66	157.69	131.30
2022*	380.79	186.09	152.86
2023*	426.92	214.49	174.41

2024*	473.05	242.89	195.97
2025*	519.19	271.29	217.53

Note: \* Estimate Values

**Source:** Statista, Climate Bonds Initiative

<https://www.statista.com/statistics/1268367/sustainable-bond-issuance-worldwide-category/>

Global issuance of sustainable bonds climbed to approximately 700 billion U.S. dollars in 2020, nearly doubling the previous year’s value and ten times that of 2015. Social bonds, which raise money for social purposes, increased by 1,115 percent over the previous year. Green bonds, which support environmental causes, grew by less than 9%. The coronavirus (COVID-19 pandemic) is the main reason for the surge in social bonds, since organisations could have bonds certified as social if part of the proceeds were utilised to combat the pandemic (e.g. for medical manufacturing). Some required portions were as low as 10%, raising issues about whether these bonds are sustainable.

Table - 4

## Distributed Funds Over Eight Sectors of the Sustainable Development Goals

Sector	Billion in USD
Health	77
Renewable Energy	32
Food and Agriculture	19
Water and Sanitation	9
Ecosystem and Biodiversity	3
Telecommunication and Infrastructure	3
Transport Infrastructure	1
Education	1
<b>Total</b>	<b>145</b>

**Source :** UNCTAD World Investment Report 2021 <https://unctad.org/webflyer/world-investment-report-2021> [accessed December 10, 2022]

By issuing shares, the stock exchange enables the company’s founders to disperse the risk associated with their business across a large number of investors. Similarly, it enables investors to diversify their risk among a number of shares and to realise the value of their investment by selling on the secondary market. The stock price indicates the market’s perception of the discounted worth of future income streams (including dividends) and, at any one time, reflects the market’s collective perception of the company’s financial value.

Human rights include gender equality. It is an independent objective of the United Nations (UN) Sustainable Development Goals (SDGs) and a valid end in and of itself. Additionally, promoting gender equality has positive social, environmental, economic, and business outcomes:

Women’s participation in the economy contributes to economic growth and productivity.

Inversely, restricting women's opportunities can act as a drag on the economy, resulting in lower or slower economic growth.<sup>7</sup>

According to a study conducted by the World Bank, the loss of human capital due to gender inequality is estimated to exceed 160 quadrillion dollars.<sup>8</sup>

Companies with greater levels of diversity (both gender and ethnic diversity) at the executive level perform better than their less diverse counterparts in terms of profitability and long-term value creation.<sup>9</sup>

## THE CONDITION OF GENDER EQUALITY IN G20 ECONOMIES

Gender equality is one of the 17 Sustainable Development Goals adopted by the member states of the United Nations. Stock exchanges and other participants in the financial market can play a crucial role in advancing gender equality. This policy brief presents an examination of gender equality on the boards of the top 100 issuers by market capitalization on 22 main G20 stock exchanges, as well as an overview of the number of female chairpersons and chief executive officers who manage these companies. This analysis discusses the status of gender equality in the top ranks of companies listed on their respective markets.<sup>10</sup>

Table - 5

### Global Stock Exchanges Ranked on the Female Representation of Issuer Boards

Stock Exchange Name	% of women on Board	Mandatory Min.Rule for Women on Board
Euronext Paris	44.3	YES
Borsa Italiana	37.5	YES
London Stock Exchange (LSE)	36.2	NO
Deutsche Börse (DB)	32.5	YES
Australian Securities Exchange (ASX)	32.3	NO
New York Stock Exchange (NYSE)	30.4	NO
Toronto Stock Exchange (TSX)	30.2	NO
Johannesburg Stock Exchange (JSE)	28.5	NO

<sup>7</sup> France Strategie (2016) <https://www.strategie.gouv.fr/publications/cout-economique-discrimination>

<sup>8</sup> Wodon, Q. and B. de la Briere (2018) *Unrealized potential: the high cost of gender inequality in earnings* <https://openknowledge.worldbank.org/entities/publication/dd323015-38e8-53a7-b4b8-4f9e72f78eb3>

<sup>9</sup> McKinsey (2018) <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity>

<sup>10</sup> SSE Policy Brief: Gender Diversity on Corporate Boards - G20 Exchanges (2021) <https://sseinitiative.org/wp-content/uploads/2021/03/UN-SSE-Gender-Equality-Policy-Brief.pdf>

NASDAQ	27.8	YES
Shenzhen Stock Exchange (SZSE)	17.3	NO
National Stock Exchange of India (NSE) / Bombay Stock Exchange (BSE)	16.8	YES
Borsa Istanbul	14.9	NO
Hong Kong Exchange (HKEX)	13.6	NO
A Bolsa do Brazil (B3)	12.1	NO
Japan Exchange Group (JPX)	11.9	NO
Bolsas y Mercados Argentinos (BYMA)	10.8	NO
Moscow Exchange (MOEX)	10.6	NO
Shanghai Stock Exchange (SSE)	10.3	NO
Indonesia Stock Exchange (IDX)	10.3	NO
Bolsa Mexicana de Valores (BMV)	7.8	NO
South Korea Stock Exchange (KRX)	7.4	YES
The Saudi Stock Exchange Tadawu	1.2	NO

Source: compiled from UN-SSE-Gender-Equality-Policy-Brief.pdf (sseinitiative.org)

In top 100 G20 firms, women hold 20.2% of board seats. Euronext Paris ranks highest among G20 stock exchanges with women holding 44.3% of top 100 board seats. JSE is the only developing country stock exchange with above-average female representation on issuer boards. Women hold 28.5% of top 100 board seats. Shenzhen Stock Exchange has the most women on its board, 17.3%. The Indian exchanges BSE and NSE have 16.8% women on boards, after Shenzhen. Brazil's B3 market ranks first among South American stock exchanges with 12.1% women on issuer boards. NYSE and TSX have 30.4% and 30.2% women on their boards, respectively. Nasdaq (27.8%) ranks 9th, above the G20 average. 6 of 22 markets require a minimum number of women on company boards, with France at 40%.

Table – 6

### Region Wise Gender Equality on Stock Exchanges

Market	Group Wise Average % Board Seats Held by Women ( % )	Highest No.of Women on Board	Group Average % CEO Position Held by Women
Europe	35	13	7
Africa	22	8	9
South- Eastern Asia	19	48	8
South America	14	44	3

Eastern Asia	13	35	4
Western Asia	6	88	1

**Source:** compiled from SSE Gender equality in corporate leadership (Regional Analysis) <https://sseinitiative.org/wp-content/uploads/2022/12/SSE-IFC-Regional-Analysis-Women-in-Corp-Leadership-2022.pdf>

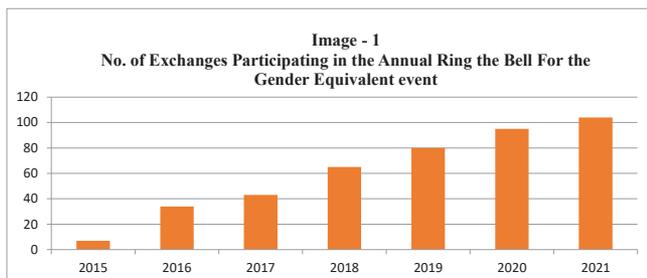
Africa has the highest proportion of female CEOs, with 9% of listed companies being headed by a female executive. Three of the top five African markets have more than 10 percent of their top-listed companies led by a female CEO. South-eastern Asian markets have the second highest proportion of female CEOs of listed companies with 8%, followed by European and USCANZ markets with an average of 7% female CEOs of listed companies. JSE (South Africa) and SET (Thailand) are the two markets with the highest proportion of female CEOs (15%) among the top 100 companies. In both the European and African markets, 8% of boards are chaired by women, placing them in second place.

Nasdaq (USA) has the highest proportion of boards chaired by women at 16%, followed by NSE (Kenya) and NZX (New Zealand) with 13% of their corporate boards chaired by women.

The annual Ring the Bell for Gender Equality event has grown from seven participant exchanges in 2015 (the Bombay Stock Exchange, Borsa Istanbul, EGX, Nasdaq, the Nigerian Stock Exchange, OMX Stockholm (part of the Nasdaq group), and the Warsaw Stock Exchange) to over 100 in 2021. In addition, the number of cooperating partner organisations has increased.<sup>11</sup>

Initially organised by the UN SSE, UN Women, and the UN Worldwide Compact, the list of global partners currently consists of IFC, Women in ETFs, and the WFE.

The purpose of these events is to emphasise the role that the commercial sector can play in promoting gender equality. While the project is global in scope, exchanges collaborate with local partners (listed businesses, market participants, regulators, civil society, and others) to make it relevant to the local market, in some cases seizing the occasion to launch new initiatives.<sup>12</sup> The Image -1 depicts the number of exchanges that participated in the annual Ring the Bell for Gender Equality event by year.



Source: [www.sseinitiative.org](http://www.sseinitiative.org)

11. <https://sseinitiative.org/wp-content/uploads/2022/03/How-exchanges-can-advance-gender-equality-Updated-guidance-and-best-practice.pdf>

12. *ibid*

## INDIAN STOCK EXCHANGES IN RELATION TO SUSTAINABILITY:

### Bombay Stock Exchange (BSE):

The BSE is the first Asian stock exchange to join the Sustainable Stock Exchanges (SSE) project. As a responsible stock exchange, the BSE is implementing a number of initiatives in the areas of sustainability and corporate social responsibility. BSE has created theme-based indices like S&P BSE CARBONEX and S&P BSE GREENEX. The BSE and the Ministry of Corporate Affairs have signed a Memorandum of Understanding for the launch of a corporate social responsibility index.<sup>13</sup>

### National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business Released:

The Ministry of Corporate Affairs (MCA), Government of India, released the National Voluntary Guidelines on CSR (December 2009), which was formulated by the Indian institute of Corporate Affairs (IICA) set up in 2008 for this purpose. These guidelines emphasize the role of business sector in helping India achieve the goal of sustainable development and economic growth. The Guidelines provide a framework for responsible business action which can be used by all type of businesses. Extensive consultative approach has been adopted by the Guidelines Drafting Committee (GDC) for developing these guidelines. Significant inputs of various stakeholders' groups (comprising leading industrial and trade chambers, experienced professionals, and other experts) have been duly considered for drafting these guidelines. It also provides a section on reporting, to enable businesses to demonstrate adoption of these guidelines to stakeholders through reliable disclosures.<sup>14</sup>

### National Stock Exchange of India (NSE):

NSE has signed the SSE commitment letter and prepared SSE communication to its stakeholders, and also made ESG reporting as a listing rule. And the NSE also offered training programs on ESG related themes, as Training Workshop on Business Responsibility Reporting (BRR) and Women Director Training Program. The NSE is in development process to introduce the Indices related to Sustainability.

NSE initiatives to promote Green Bonds listings, including:

1. Creating awareness on green bond issuance by circulating SEBI guidelines on green bonds to the existing unlisted as well as upcoming issuers, informing issuers about the SEBI guidelines for classifying their bonds as green bonds and meeting with arrangers and merchant bankers to discuss upcoming green bond issuance and how the exchange can be of support to them;
2. Advocacy with domestic financial institutions for inducting them as investors in domestic Green bond issuance.

13. BSE <https://www.bseindia.com/static/about/sustainability.html>

14. BSE Exchanges Maturing in Their Sustainability Efforts [https://www.bseindia.com/downloads1/WFE\\_Annual\\_Sustainability\\_Survey\\_2018.pdf](https://www.bseindia.com/downloads1/WFE_Annual_Sustainability_Survey_2018.pdf)



3. Relaying feedback on green bond guidelines to SEBI.
4. Leading seminars and round table discussions on deepening markets for green bonds.<sup>15</sup>

## CONCLUSION

Stock exchanges are in a position to influence their market in a level that few other market participants can match. In addition to their power to influence investor and company behaviour, exchanges frequently assist regulators in promoting market standard adoption. It seems obvious that businesses have social responsibilities.

The capacity of exchanges to fulfil these functions is contingent upon the existence of a combination of pertinent enabling policies, processes, and institutional structures. The precise nature of these would differ between jurisdictions. While the efforts outlined above are substantial and encouraging, the globe faces enormous and systemic obstacles to sustainable development. Currently, financial markets are not structured to adequately assist the attainment of the SDGs. Given this background, it is especially crucial for exchanges and their regulators to make more progress. As such, the SSE will collaborate with exchanges to educate, inspire, and equip market participants with practical tools to play their share in achieving the SDGs.<sup>16</sup>

## REFERENCES:

- BSE <https://www.bseindia.com/static/about/sustainability.html>
  - BSE Exchanges Maturing in Their Sustainability Efforts [https://www.bseindia.com/downloads1/WFE\\_Annual\\_Sustainability\\_Survey\\_2018.pdf](https://www.bseindia.com/downloads1/WFE_Annual_Sustainability_Survey_2018.pdf)
  - European Commission (2017), Capital Markets Union: Creating a stronger and more integrated European financial supervision. 20 September 2017.
  - France Strategie (2016) <https://www.strategie.gouv.fr/publications/cout-economique-discriminations>  
<https://wedocs.unep.org/20.500.11822/9862>
  - McKinsey (2018) <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity>
  - Spulbar, C., Ejaz, A., Birau, R., & Trivedi, J. (2019). Sustainable investing based on momentum strategies in emerging stock markets: A case study for Bombay Stock Exchange (BSE) of India. *Scientific Annals of Economics and Business*, 66(3), 351-361.
  - SSE <https://sseinitiative.org/stock-exchange/nse-india/>
  - SSE Policy Brief: Gender Diversity on Corporate Boards - G20 Exchanges (2021) <https://sseinitiative.org/wp-content/uploads/2021/03/UN-SSE-Gender-Equality-Policy-Brief.pdf>
  - SSEI (Sustainable Stock Exchanges Initiative) (2013b): Frequently asked questions (FAQs). Internet: <http://www.sseinitiative.org/about/faq> 9 November 2017.
  - UN Environment Programme (2021) Stock Exchanges and Sustainability <https://www.unep.org/resources/report/stock-exchanges-and-sustainability>
  - UNEP The Financial System We Need: Aligning the Financial System with Sustainable Development
  - Wodon, Q. and B. de la Briere (2018) Unrealized potential: the high cost of gender inequality in earnings <https://openknowledge.worldbank.org/entities/publication/dd323015-38e8-53a7-b4b8-4f9e72f78eb3>
- <sup>15.</sup> SSE <https://sseinitiative.org/stock-exchange/nse-india/>
- <sup>16.</sup> UNEP The Financial System We Need: Aligning the Financial System with Sustainable Development <https://wedocs.unep.org/20.500.11822/9862>



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

*Vision*

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

*Motto*

सत्यं वद। धर्मं चर। इच्छते फेद त्वातेः श्रेयते एषु फेद त्वा।

*Mission*

"To develop high calibre professionals facilitating good corporate governance"

# ICSI BLOOD Bank Portal



**Dedicated to  
the Service  
of the Nation**

The ICSI Blood Bank Portal has a huge database of blood donors with information on Blood Groups with their location

To find a donor near you or  
to register as a donor visit  
<https://www.icsi.in/bloodbank/>

Connect with ICSI

[www.icsi.edu](http://www.icsi.edu) |     | Online helpdesk : <http://support.icsi.edu>

# 3

## OPINION



■ DOES SECTION 430 OF THE COMPANIES ACT 2013 COMPLETELY BAR THE JURISDICTION OF CIVIL COURTS?

# Does Section 430 of the Companies Act, 2013 Completely Bar the Jurisdiction of Civil Courts?



**Dr. K R Chandratre, FCS**

Practising Company Secretary, Pune;  
Past President, The Institute of Company Secretaries of India  
[krchandratre@gmail.com](mailto:krchandratre@gmail.com)

Recently, a question arose as to which judicial forum a shareholder of a private company should approach to challenge validity of an annual general meeting of the company and a resolution passed thereat, since he was not served with the notice of the meeting in which a resolution to remove him as a director of the company was passed- whether a high court or a civil court or NCLT. He received different advice from two lawyers, one advising them to approach NCLT and another civil court. The first advice was based on the interpretation of section 430 of the Companies Act 2013 ('the 2013 Act'), reads as follows:

## “1430. CIVIL COURT NOT TO HAVE JURISDICTION

No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under this Act or any other law for the time being in force and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act or any other law for the time being in force, by the Tribunal or the Appellate Tribunal.”

This section corresponds to section 10GB of the Companies Act 1956 ('the 1956 Act'), which was inserted by the Companies (Second Amendment) Act, 2002; but was never made effective. Section 430 has generated plenty of case law within a short span of time and it also generated a lot of debate. The key phrase for the correct interpretation of the section, namely “any matter which the Tribunal or the Appellate Tribunal is empowered to determine” is being forgotten or misinterpreted in some cases.

<sup>1</sup> W.e.f. 1-6-2016, vide Notification No. SO 1934(E), dated 1-6-2016.

It is a well settled principle that exclusion of jurisdiction of civil court cannot be readily inferred.<sup>2</sup>

According to section 410, the NCLAT has only appellate jurisdiction, to hear appeals against the orders of the NCLT or of the National Financial Reporting Authority under the Companies Act and against any direction, decision or order referred to in section 53A of the Competition Act, 2002 in accordance with the provisions of that Act.

## ANALYSIS OF SECTION 430

Section 430 has two limbs:

- First, no civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under the Companies Act 2013 or any other law for the time being in force.
- Secondly, no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under the Companies Act 2013 or any other law for the time being in force.

Conversely speaking, the first limb limits the jurisdiction of the Tribunal or the Appellate Tribunal to only those matters in respect of which they are empowered to determine by or under the 2013 Act or any other law for the time being in force. Likewise, the second limb limits its scope, with regard to injunction, to any action taken or to be taken in pursuance of any power conferred by or under the Companies Act 2013 or any other law for the time being in force, by the Tribunal or the Appellate Tribunal. In these cases, jurisdiction of civil courts is barred. Consequently, in other cases, jurisdiction of civil courts must be presumed to be not barred.

## SUPREME COURT'S RECENT DECISION

The Supreme Court has recently in *Securities and Exchange Board of India v Rajkumar Nagpal and others* [2022] 235 Comp Cas 73 (SC); AIR 2022 SC 5180, referred to a provision parallel to section 430 of the Companies Act 2013, i.e. section 15Y of the SEBI Act, which stipulates that no civil court shall have the jurisdiction to entertain any suit in respect of any matter which an adjudicating officer appointed under the SEBI Act is empowered to determine, and pointed out that since none of the sections mentioned in section 15-I of the SEBI Act would confer jurisdiction on the adjudicating officer to grant the relief sought by the plaintiffs in the first instance; hence, the bar in section 15Y would not operate as against the suit in the

<sup>2</sup> *M.P. Electricity Board, Jabalpur v Vijaya Timber Co.* 1997 (1) SCC 68; AIR 1997 SC 2364; 1997 AIR SCW 2255. See also *Radhika Kishan v Administrator* 1964 (2) SCR 273; AIR 1963 SC 1547; (1963) 50 ITR 187 (SC).

present case. The Supreme Court then remarked that section 430 of the Companies Act 2013 is not attracted *when there is nothing in the Companies Act, 2013 (or any other law for the time being in force) that vests either the National Company Law Tribunal or the National Company Law Appellate Tribunal with the jurisdiction* relating to the dispute as to the validity of a RBI Circular. Thus, in other words, if any section of the Companies Act 2013 does not expressly confer any power on the Tribunal, section 430 is not attracted, and hence the Tribunal has no jurisdiction in respect of such section and the jurisdiction of the civil courts is not barred. Thus, the Supreme Court emphasized the key phrase in section 430 [“*any matter which the Tribunal or the Appellate Tribunal is empowered to determine*”] to answer the question as to whether the High Court had jurisdiction or not.

## THE SCHEME OF THE COMPANIES ACT AS TO JURISDICTION OF NCLT

The 2013 Act (like the 1956 Act) confers on the National Company Law Tribunal (‘NCLT’) specific powers under different sections of the 2013 Act. Consequently, the jurisdiction of the Tribunal is restricted to only those powers. Where any section specifically confers the power on the Tribunal, it can be said to be a matter in respect which the Tribunal or the Appellate Tribunal has exclusive jurisdiction and jurisdiction of civil courts is ousted; but where any section does not specifically confer power on the Tribunal, it cannot be said to be a matter in respect which the Tribunal or the Appellate Tribunal is empowered to determine by or under this Act.

Section 408 of the 2013 Act, entitled “**Constitution of National Company Law Tribunal**”, expressly states that the NCLT is constituted to exercise and discharge *such powers and functions as are, or may be, conferred on it by or under this Act or any other law for the time being in force*. This is what the Supreme Court emphasized in the *Rajkumar Nagpal* case (supra); and this is precisely what section 430 in plain language seeks to state.

Conversely speaking, what section 430 seeks to provide is that a civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is not empowered to determine by or under this Act or any other law for the time being in force and injunction may be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power not conferred by or under this Act or any other law for the time being in force, on the Tribunal or the Appellate Tribunal.

For example, sections 96 and 97 both deal with the annual general meeting. Section 96 lays down various requirements regarding annual general meeting to be called by a company and section 101 lays down requirements as regards notice of a general meeting; but there is nothing in section 96 or section 101 conferring any power on the Tribunal regarding an annual general meeting required to be held by a company under section 96. Consequently, the Tribunal has no power to decide a dispute concerning non-compliance with any of the

requirements under section 96 and hence it is interpreted that a civil court has the jurisdiction in such cases. For example, if a shareholder of a company wants to challenge validity of an annual general meeting (say due to a shorter notice of the meeting than what is required under section 101), the Tribunal cannot be said to have jurisdiction to adjudicate this dispute because neither 96 nor section 101 confers jurisdiction on the Tribunal.

On the contrary, section 97 confers power on the Tribunal the power to call, or direct the calling of, an annual general meeting of the company and give such ancillary or consequential directions as the Tribunal thinks expedient, if any default is made in holding the annual general meeting of a company under section 96, the Tribunal may, notwithstanding anything contained in this Act or the articles of the company, on the application<sup>3</sup> of any member of the company.

Likewise, section 98 vests in the Tribunal the power to order a meeting of the company to be called, held and conducted in such manner as the Tribunal thinks fit; and give such ancillary or consequential directions as the Tribunal thinks expedient, including directions modifying or supplementing in relation to the calling, holding and conducting of the meeting, the operation of the provisions of this Act or articles of the company, if for any reason it is impracticable to call a meeting of a company, other than an annual general meeting, in any manner in which meetings of the company may be called, or to hold or conduct the meeting of the company in the manner prescribed by this Act or the articles of the company. But section 100 contains requirements as regards an extraordinary general meeting by the company on its own or in response to a requisition from members of the company. There is nothing in Section 100 conferring any power on the Tribunal regarding an extraordinary general meeting required to be held by a company under section 100.

In *Anuragha Poultries and Breeders P. Ltd. and another v Padmavathi and others* [2022] 230 Comp Cas 207 (Mad), a single judge of the Madras High Court has held that the bar enacted under section 430 of the Companies Act, 2013, would apply only when the Tribunal or the Appellate Tribunal under the Act, is empowered to determine any matter which is also the subject matter of a civil suit and in such event, the proceedings before the civil court would be barred. Therefore, in order to invoke bar under section 430 it is incumbent on the petitioners to show that the Tribunal or the Appellate Tribunal as the case may be, has / had the exclusive power to set aside the sale deeds executed by the companies in favour of third parties.

## CASES WHICH NEED RECONSIDERATION

In *Zee Entertainment Enterprises Ltd. v Invesco Developing Markets Fund and others* [2021] 229 Comp Cas 540 (Bom), the question concerning injunction sought against an extraordinary general meeting convened pursuant to section 100 of the 2013 Act, was before a single judge of the Bombay High Court. There is nothing in section 100 conferring jurisdiction on the Tribunal in this regard, although under

<sup>3</sup> Application to be made in Form No. NCLT-1. [Rule 75, NCLT Rules, 2016]

## Does Section 430 of the Companies Act, 2013 Completely Bar the Jurisdiction of Civil Courts?

section 98 of the 2013 Act confers power on the Tribunal to order calling of an extraordinary general meetings of a company, if for any reason it is impracticable to call a meeting of a company, other than an annual general meeting, in any manner in which meetings of the company may be called, or to hold or conduct the meeting of the company in the manner prescribed by the Act or the articles of the company. Likewise, section 97 of the 2013 Act gives power to the Tribunal to order the calling of annual general meeting, if any default is made in holding the annual general meeting of a company under section 96.

In the abovementioned case, the learned single judge held (apparently correctly) that section 430 of the Companies Act bars any civil court from entertaining any suit or proceeding in respect of any matter which the NCLT or the NCLAT is empowered to determine; but section 100 does not confer on the NCLT any jurisdiction.

However, contrary to what the learned single judge held, the Division Bench held that in the face of the *absolute bar* contained in section 430, the single judge could not have granted the injunction. The scheme of sections 96 to 100 made it clear that the subject of calling of a meeting of a company had exhaustively been treated under them. So far as meetings of companies other than annual general meetings were concerned, the law was governed by section 98, which applied if it was for any reason impracticable to call such meeting. Section 100 gave a right to the requisitionists of an extraordinary general meeting themselves to call a meeting for consideration of the matter of their requisition, if the board did not, within twenty-one days, proceed to call a meeting. Though the appellants would be within their rights to call and hold the requisitioned extraordinary general meeting, it was impracticable for them to hold such meeting and accordingly, they prayed for an order of the Tribunal to do so under section 98. Such a matter would fall within the purview of the Tribunal and the civil court could not interfere by passing an order of injunction, which would have the effect of preventing the Tribunal from considering the appellants' prayer. The injunction granted was hit by section 430 of the Act.

The Division Bench referred to the decision of the Madras High Court in *Selvarathnam v. Standard Fire Works P. Ltd.*, in which it was observed as follows:

“Section 430 of the Act ousts civil court jurisdiction on matters, which the Tribunal is empowered to determine. In so far as the matter relating to extraordinary general meeting or annual general meeting is concerned, the statute prescribes procedures under sections 96 to 100 of the Act. There is a mandate prescribed under the statute that annual general meeting should be conducted within the prescribed time limit and default in convening annual general meeting beyond the prescribed period will invite consequences and in default in convening the annual general meeting, the Tribunal has power to call for annual general meeting under section 97 of the Act. Similarly, under section 98 of the Act, the Tribunal is empowered to call for any other meeting other than annual general meeting

which includes extra ordinary general meeting either Suo motu or an application of any director or members of the company, who would be entitled to vote at the meeting. Section 100 of the Act prescribed the procedure how extraordinary general meeting should be conducted by the Board and under section 100(4) of the Act, if the Board fails to convene extraordinary general meeting within 21 days from the date of receipt of valid requisition in regard to any matter, the requisitionists themselves can convene extraordinary general meeting within 3 months from the date of requisition. If there is any resolution passed in such extra ordinary general meeting removing the managing director, manager or any of the directors of the company which shall be prejudicial or oppression to any member or members or to public interest or in a manner prejudicial to the interest of the company, application can be made to the Tribunal under section 241 of the Companies Act, 2013 and the Tribunal is empowered to consider the said application under section 242(1)(a) and (2)(h) of the Companies Act, 2013. Therefore, in this case, on considering the plaint averments, cause of action and the statute governing the dispute in entirety undoubtedly indicates that the subject matter for determination squarely falls within the domain of the National Company Law Tribunal and therefore, civil court jurisdiction is ousted expressly by section 430 of the Act. The trial court has erroneously dismissed I. A. No. 1080 of 2016 without taking note of sections 98, 100 and 242 of the Companies Act, 2013. Failure to mention specific provision of law by the petitioner cannot be an excuse for the court to overlook the provisions relevant for the case.”

Significantly, as is obvious from the language of section 430 and the Supreme Court's decision in the *Rajkumar Nagpal case (supra)*, the section does not create an *absolute bar* but it creates a qualified bar and the qualification lies in the words “any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine.”

It is submitted that the interpretation sought to be placed by the Division Bench of the Bombay High Court and the Madras High Court needs reconsideration. Firstly, as would be evident from the discussion herein, section 430 does not create an ‘absolute bar’, since the expressions “in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under this Act or any other law” and the expression “in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act or any other law for the time being in force, by the Tribunal or the Appellate Tribunal” cannot have the effect of barring absolutely jurisdiction of the civil courts in respect every provision of the 2013 Act.

Secondly, as noted above, section 100 does not confer exclusive jurisdiction on the Tribunal, either to entertain a petition challenging the extraordinary general meetings convened by the Board of Directors of the company on its own or in pursuance of a requisition. It, therefore, cannot be said to be a provision in respect of a matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under this

Act and a matter in respect of which any action taken or to be taken in pursuance of any power conferred by or under this Act, so as to vest exclusive jurisdiction in the Tribunal. Sections 96 and 98 have nothing to do with section 100. These provisions operate independently on their own terms and effect.

In *SAS Hospitality P. Ltd. and another v Surya Constructions P. Ltd. and others* [2019] 212 Comp Cas 61 (Delhi), a single judge of the Delhi High Court held that section 59 of the Companies Act 2013 provides for a remedy of rectification of the register of members, and dealt with the scope of jurisdiction of NCLT and interpreted the relevant provisions widely in a case in which allotment of new shares by a company was alleged to be in violation of section 62 of the Companies Act 2013. This section allows companies to offer new shares by rights issue and preferential issue. In the Delhi High Court's view, the NCLT is a Tribunal which has been constituted to have exclusive jurisdiction in the conduct of affairs of a company and its powers can be contrasted with that of the Company Law Board under the unamended Companies Act, 1956. In various ways, the NCLT is not merely exercising the jurisdiction of a company court under the new Act, but is also vested with inherent powers and powers to punish for contempt. The increase in the share capital and allotment of shares to any person has an automatic effect on the alteration of the register of members and hence such a case would attract section 59 of the Companies Act, 2013. Thus, while the power to issue share capital vests in the company, the power without complying with the section has of no effect, and has no consequence. Any dispute in respect of rectification of the register of members under section 59 can be raised by any person aggrieved to the NCLT. Section 430 of the 2013 Act, which bars the jurisdiction of the civil court entertaining "any suit" or "any proceedings", which the NCLT is "empowered to determine" has to be given effect in this background.

This decision too is not consonant with the language of section 430. Section 59 deals with rectification of the register of members and section 62 deals with issue of new shares on rights basis or private placement basis or by conversion of loan or debentures. The Companies Act clearly distinguishes the two things in two different provisions (sections 59 and 62 respectively). While section 59 confers exclusive jurisdiction on the Tribunal with regard to rectification of the register of members, section 62 does not contain anything conferring jurisdiction on the Tribunal. Consequently, if there is any non-compliance or a dispute concerning section 62, a civil court can deal with such matter and the Tribunal has no jurisdiction.

In *Chiranjeevi Rathnam and others v Ramesh and another* [2020] 222 Comp Cas 85 (Mad) a suit for declaring the appointment of defendants Nos. 2 to 8 as directors of the first defendant-company illegal and void was filed. Defendants Nos. 2, 3, 4, 6 and 7 filed an application under Order 7, rule 11 of the Code of Civil Procedure, 1908 to reject the plaint on the ground that the civil court's jurisdiction was ousted under section 430 of the Companies Act, 2013. The trial court



dismissed the application holding that section 430 did not completely bar the jurisdiction of civil courts in respect of matters relating to companies, but only in respect of matters which the Tribunal was empowered to determine by or under the Companies Act or any other law for time being in force. Hence, a duty was cast upon the petitioner to establish that there was a specific provision in the Companies Act to deal with the issues raised in the suit and that the plaintiffs were not members of the company and hence, could not approach the Tribunal in a case of oppression and mismanagement. On a revision petition, the High Court held, allowing the petition, that if the plaintiffs claimed status as non-members, they had no locus standi to interfere with the affairs of the internal management of a private limited company. If they claimed status as directors of the company, they carried all trappings or characteristics of a member of the company. So, to protect the interests of the company, the remedy for them was under section 242 of the Companies Act, 2013. Either way the civil court had no jurisdiction to entertain the subject-matter of the suit. In the light of section 430 of the Companies Act, 2013 and the alternate redressal forums being adequately provided under the Act, the plaint was not maintainable.

In this case, the suit was for declaring the appointment of defendants Nos. 2 to 8 as directors of the first defendant-company illegal and void was filed. The learned single judge of the High Court seems to have assumed that a dispute regarding appointment of directors necessarily has to take the route of section 241 which provides remedy against oppression and mismanagement. As can be easily deciphered from the language of section 241 and a long history of this provision, every dispute between shareholders or between a shareholder and company or between director (or a person claimed to be a director) cannot form the basis of a petition under section 241 complaining oppression and mismanagement of the affairs of a company.

Does Section 430 of the Companies Act, 2013 Completely Bar the Jurisdiction of Civil Courts?

Sections 58 and 59 vis-à-vis section 430

Companies Act 1956	Companies Act 2013
<p>Section 111(5) and (6) empowered the CLB to-</p> <ul style="list-style-type: none"> <li>• direct that the transfer or transmission shall be registered by the company and the company shall comply with such order within ten days of the receipt of the order; or</li> <li>• direct rectification of the register and also direct the company to pay damages, if any, sustained by any party aggrieved.</li> <li>• to make such interim orders, including any orders as to, injunction or stay, as it may deem fit and just;</li> <li>• to make such orders as to costs as it thinks fit; and</li> <li>• to make incidental or consequential orders regarding payment of dividend or the allotment of bonus or rights shares.</li> </ul>	<p>Section 58 Act empowers the Tribunal only to-</p> <ul style="list-style-type: none"> <li>• direct that the transfer or transmission shall be registered by the company and the company shall comply with such order within a period of ten days of the receipt of the order; or</li> <li>• direct rectification of the register and also direct the company to pay damages, if any, sustained by any party aggrieved.</li> </ul>
<p>Section 111A empowered to</p> <ul style="list-style-type: none"> <li>• direct any depository or company to rectify its register or records.].</li> <li>• to make such interim order as to suspend the voting rights before making or completing such enquiry.</li> </ul>	<p>Section 59 empowers the Tribunal only to</p> <ul style="list-style-type: none"> <li>• either dismiss the appeal or direct that the transfer or transmission shall be registered by the company within a period of ten days of the receipt of the order or direct rectification of the records of the depository or the register;</li> <li>• (in the latter case) direct the company to pay damages, if any, sustained by the party aggrieved.</li> </ul>

Rule 70(4) and (5) of the National Company Law Tribunal Rules, 2016 read as follows:

(4) The Tribunal may, while dealing with a petition under section 58 or 59, at its discretion, make-

- (a) order or any interim order, including any orders as to injunction or stay, as it may deem fit and just;
  - (b) such orders as to costs as it thinks fit; and
  - (c) incidental or consequential orders regarding payment of dividend or the allotment of bonus or rights shares.
- (5) On any petition under section 59, the Tribunal may-
- (a) decide any question relating to the title of any person who is a party to the petition to have his name entered in, or omitted from, the register;
  - (b) generally, decide any question which is necessary or expedient to decide in connection with the application for rectification.

It will be noticed that rules 70(4) and (5) confers on the Tribunal the powers which are not conferred by the statute.

There were innumerable cases in which it was laid down that complicated questions of law and fact and where title to the question is in dispute or questions relating to succession are involved, should not be decided by the Company Law Board in a petition under section 111A of the 1956 and the parties should be relegated to a civil suit. The cases decided under section 59 are, however, creating doubts as to the correct interpretation of section 430 vis-à-vis section 59, and are confusing.

In *Shashi Prakash Khemka and another v. NEPC Micon Ltd. and others* [2019] 212 Comp Cas 281 (SC), the Supreme Court held that as the civil suit remedy was completely barred and the power was vested with the Tribunal under section 59 of the Act, although the cause of action had arisen at a stage prior to the enactment of the Companies Act 2013, relegating the parties to civil suit now would not be the appropriate remedy, especially considering the manner in which section 430 of the Act was widely worded, the appropriate course of action would be to permit the appellants to file a fresh petition before the Tribunal under the Companies Act, 2013 within two months.

In *Smiti Golyan and another v. Nulon India Ltd. and others* [2019] 214 Comp Cas 576 (NCLAT), the NCLAT has held that the NCLT has jurisdiction to deal with rectification of the register of members of a company and all questions including incidental and peripheral questions raised with regard to rectification for the purpose of deciding legality of the rectification. The position has now changed with coming into force of the Companies Act, 2013 and section 430 of the Act providing that civil court would not have jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under this Act. Under Section 59 of the Companies Act, 2013, it is for the NCLT to consider if the name of any person is “without sufficient cause” entered or omitted from the register of members of a company and in matters in respect of which power has been conferred on the NCLT, the jurisdiction of the civil court is completely barred.

In *Vikram Jairath and another v Middleton Hotels P. Ltd. and others* [2019] 216 Comp Cas 235 (Cal), the Calcutta High Court held that under section 430 of the Companies Act, 2013, the jurisdiction of the High Court has been ousted specifically with regard to matters that may be decided by the NCLT. The powers of the NCLT with regard to dealing with matters in relation to sections 58 and 59 are provided for in rule 70 of the National Company Law Tribunal Rules, 2016, and are extremely wide. Powers such as (a) passing orders or any interim order including any orders as to injunction or stay, (b) incidental or consequential orders regarding payment of dividend or the allotment of bonus or rights shares, (c) deciding any question relating to the title of any person, and (d) generally deciding any question which is necessary or expedient to decide in connection with the application for rectification, are provided therein.

In the above case, the learned judge remarked that “The entire philosophy of the Companies Act, 2013 is that all matters relating to companies shall be handled by the NCLT except certain matters that have been kept back and not transferred as per section 434 of the Act.” It is respectfully submitted that this is not the intended interpretation. It may be stated that section 430 does not provide that all matters relating to companies shall be handled by the NCLT; on the contrary, it empowers the Tribunal to handle only those matters in respect of which jurisdiction has been specifically conferred on the Tribunal under different sections so providing. Thus, to answer the question as to whether in relation to any matter or dispute a civil court’s jurisdiction is barred or not, one must look into a particular provision of the Act and ascertain whether the NCLT is empowered to determine such matter or dispute; if the answer is in the negative, the civil court shall have jurisdiction to determine such matter or dispute.

In *Ravindra Veer Singh and another v TBH Breweries India P. Ltd. and others* [2016] 195 Comp Cas 209 (Kar), it was observed that on a plain reading of section 430 of the Companies Act, 2013, it is clear that the civil court’s jurisdiction to grant the relief of injunction against persons from interfering with the smooth management of the company and its affairs by the directors of the company is not ousted.

## PRINCIPLES AS TO BAR UNDER SECTION 9 OF CPC

The Division Bench also considered *Dhulabhai v. State of Madhya Pradesh* [1968] 22 STC 416 (SC); AIR 1969 SC 78, and quoted the principles to be applied for deciding whether a suit was barred under section 9 of the Civil Procedure Code and held, inter alia, that where the statute gives a finality to the orders of the special Tribunals the civil courts’ jurisdiction must be held to be excluded if there is adequate remedy to do what the civil courts would normally do in a suit. An exclusion of the jurisdiction of the civil court is not readily to be inferred unless the conditions above set down apply’.



The Division Bench in *Jai Kumar Arya v. Chhaya Devi* [2018] 142 CLA 365 (Delhi), after applying *Dhulabhai v. State of Madhya Pradesh* AIR 1969 SC 78, lays down the following test:

“From the above authorities, the primary indicia, which would govern determination of the question of whether the jurisdiction of civil courts is, in any particular case, ousted, or not, would appear to be (i) whether the decision of the Tribunal, on which jurisdiction is conferred, is also attributed finality by the statute, and (ii) whether such Tribunal can do what the civil court would be able to do and is, therefore, an efficacious alternative to the civil court. Even when these two indicia stand satisfied, the jurisdiction of the civil court would continue to exist where the action, complained against, violates the statute.”

In *Jai Kumar Arya case* (supra), the Division Bench of the Delhi High Court, dealing with the bar under section 430 of the 2013 Act, held that the provisions which operate to exclude the ordinary jurisdiction of civil courts are to be strictly construed, and exclusion of such jurisdiction is not to be lightly inferred. The principle of exclusion of jurisdiction is, moreover, never absolute. The bar under section 430 of the 2013 Act has, therefore, to be strictly construed and there can be no doubt about that.

## CONCLUSION

Section 430 bars the civil court from entertaining any suit or proceeding and granting injunctions only in respect of matters for which the powers are vested in the NCLT or the NCLAT under the 2013 Act or any other law. In all other matters, civil court’s jurisdiction is not barred.

It is expected that the Supreme Court’s observations in the *Rajkumar Nagpal* case would help settle the confusion with regard to true interpretation of section 430, that section 430 does not absolutely bar civil court’s jurisdiction but bars it only in respect of those matters which the NCLT/NCLAT is specifically empowered to determine under any provision of the Act. 



सत्यमेव जयते

# भारत का राजपत्र

## The Gazette of India

सी.जी.-डी.एल.-अ.-30122022-241521  
CG-DL-E-30122022-241521

असाधारण  
EXTRAORDINARY

भाग III—खण्ड 4  
PART III—Section 4

प्राधिकार से प्रकाशित  
PUBLISHED BY AUTHORITY

सं. 706]  
No. 706]

नई दिल्ली, बृहस्पतिवार, दिसम्बर 29, 2022/पौष 8, 1944  
NEW DELHI, THURSDAY, DECEMBER 29, 2022/PAUSHA 8, 1944

भारतीय कम्पनी सचिव संस्थान

अधिसूचना

नई दिल्ली, 29 दिसम्बर, 2022

**2022 दिसम्बर, सं. 2.**—अधिसूचना सं. 1 दिनांक 7 सितम्बर, 2022 के अनुसरण में कम्पनी सचिव अधिनियम, 1980 की धारा 23 के साथ पठित और कम्पनी सचिव (परिषद के चुनाव) नियमावली 2006 के अनुसार उत्तरी और पश्चिमी भारत क्षेत्रीय परिषद से प्रत्येक के लिए 12 (बारह) क्षेत्रीय परिषदों तथा पूर्वी और दक्षिणी भारत क्षेत्रीय परिषद से प्रत्येक के लिए 6 (छः) क्षेत्रीय परिषदों के लिए चुनाव 9 और 10 दिसम्बर, 2022 को दिल्ली, कोलकाता, मुम्बई और बैंगलुरु में और अन्य स्थानों पर 9 दिसम्बर, 2022 को आयोजित किए गए।

23 दिसम्बर, 2022 से 27 दिसम्बर, 2022 को मतों की गणना करने के बाद चारों क्षेत्रीय निर्वाचन क्षेत्रों से प्रत्येक क्षेत्रीय परिषद के लिए निम्नलिखित उम्मीदवारों को (निर्वाचन क्रमानुसार) निर्वाचित घोषित किया गया है:—

### I. पूर्वी भारत क्षेत्रीय निर्वाचन क्षेत्र

1. सीएस शॉ मोहित (एफसीएस-10419)
2. सीएस सारस्वत अनुज (एफसीएस-10444)
3. सीएस कुमार सतीश (एफसीएस-8423)
4. सीएस हरलालका बिशाल (एफसीएस-10024)
5. मिश्रा सौम्या सुजित (एफसीएस-8006)
6. सीएस कुमार संतोष (एफसीएस-9108)

**II. दक्षिणी भारत क्षेत्रीय निर्वाचन क्षेत्र**

1. सीएस तिरुनागरी महादेव (एफसीएस-6681)
2. सीएस दामोदरन (एफसीएस-5837)
3. सीएस अय्यर जयाश्री एस (एफसीएस-10394)
4. सीएस कुलकर्णी प्रदीप भीमसेन (एफसीएस-7260)
5. सीएस मधुसुधनन इब्राममदम पदमनाभान (एफसीएस-10085)
6. सीएस बरतम अमरनाथ (एफसीएस-9614)

**III. उत्तरी भारत क्षेत्रीय निर्वाचन क्षेत्र**

1. सीएस सुहाग देवेन्दर (एफसीएस-9545)
2. सीएस ग्रोवर प्रीती (एफसीएस-5862)
3. सीएस गोयल शिखर (एफसीएस-11780)
4. सीएस शर्मा राहुल (एफसीएस-9611)
5. सीएस रूंगटा आदित्या (एफसीएस-8411)
6. सीएस सिंह मनप्रीत (एफसीएस-7518)
7. सीएस श्रीवास्तव अवानीश (एफसीएस-11580)
8. सीएस हरबोला हिमांशु (एफसीएस-9357)
9. सीएस गुप्ता सूर्य कान्त (एफसीएस-9250)
10. सीएस पाण्डे संतोष (एफसीएस-10782)
11. सीएस त्यागी अर्जुन (एफसीएस-11739)
12. सीएस सिंगल जतिन (एफसीएस-9716)

**IV. पश्चिमी भारत क्षेत्रीय निर्वाचन क्षेत्र**

1. सीएस नौटियाल अमृता दिनेशचन्द्रा (एफसीएस-5079)
2. सीएस वाघ ऋषिकेश शिरिश (एफसीएस-7993)
3. सीएस गंगराडे अनुराग (एफसीएस-9187)
4. सीएस जोशी दीप्ति अनिरुधा (एफसीएस-9139)
5. सीएस चौधरी योगेश (एफसीएस-8644)
6. सीएस छजेड अभिशेक प्रकाशचन्द्र (एफसीएस-11334)
7. सीएस गणेश राजपूत मेहुल (एफसीएस-11581)
8. सीएस शाह स्नेहल चन्द्रकान्त (एफसीएस-6114)
9. सीएस पतारे संजय उत्तमराव (एफसीएस-10153)
10. सीएस रावल भावेशकुमार अर्जुनकुमार (एफसीएस-8812)
11. सीएस कुलकर्णी सागर विवेक (एफसीएस-11770)
12. सीएस चन्द्रा राव यार्रा (एफसीएस-3679)

कम्पनी सचिव (परिषद के चुनाव) नियमावली, 2006 के नियम 36 के अनुसरण में जारी।

सीएस आशीष मोहन, निर्वाचन अधिकारी एवं सचिव

[विज्ञापन-III/4/असा./525/2022-23]

**THE INSTITUTE OF COMPANY SECRETARIES OF INDIA****NOTIFICATION**

New Delhi, the 29th December, 2022

**No. 2 of December, 2022.**—Pursuant to Notification No. 1 of September, 2022, dated 7<sup>th</sup> September, 2022, issued under the Company Secretaries (Election to the Council) Rules, 2006 read with Section 23 of the Company Secretaries Act, 1980 and the Company Secretaries Regulations, the election for electing 12 (Twelve) Members to the Northern India Regional Council, 12 (Twelve) Members to the Western India Regional Council, 6 (Six) Members to the Eastern India Regional Council and 6 (Six) Members to the Southern India Regional Council were held on 9<sup>th</sup> and 10<sup>th</sup> December, 2022 at Delhi, Kolkata, Mumbai and Bengaluru and on 9<sup>th</sup> December, 2022 at other places.

The following candidates have been declared elected to each of the four Regional Councils (in the order elected) from the respective Regional Constituencies after the counting of votes held from 23<sup>rd</sup> to 27<sup>th</sup> December, 2022:—

**I Eastern India Regional Constituency:**

1. CS Shaw Mohit (FCS10419)
2. CS Saraswat Anuj (FCS10444)
3. CS Kumar Satish (FCS 8423)
4. CS Harlalka Bishal (FCS10024)
5. CS Mishra Soumya Sujit (FCS 8006)
6. CS Kumar Santosh (FCS 9108)

**II Southern India Regional Constituency:**

1. CS Tirunagari Mahadev (FCS 6681)
2. CS Damodaran (FCS 5837)
3. CS Iyer Jayashree S (FCS 10394)
4. CS Kulkarni Pradeep Bheemsen (FCS 7260)
5. CS Madhusudhanan Embrammadam Padmanabhan (FCS 10085)
6. CS Baratam Amarnadh (FCS 9614)

**III Northern India Regional Constituency:**

1. CS Suhag Devender (FCS 9545)
2. CS Grover Preeti (FCS 5862)
3. CS Goel Shikhar (FCS 11780)
4. CS Sharma Rahul (FCS 9611)
5. CS Rungta Aditya (FCS 8411)
6. CS Singh Manpreet (FCS 7518)
7. CS Srivastava Awanish (FCS 11580)
8. CS Harbola Himanshu (FCS 9357)
9. CS Gupta Surya Kant (FCS 9250)
10. CS Pandey Santosh (FCS 10782)
11. CS Tyagi Arjun (FCS 11739)
12. CS Singal Jatin (FCS 9716)

**IV Western India Regional Constituency:**

1. CS Nautiyal Amrita Dineshchandra (FCS 5079)
2. CS Wagh Hrishikesh Shirish (FCS 7993)

3. CS Gangrade Anurag (FCS 9187)
4. CS Joshi Deepti Aniruddha (FCS 9139)
5. CS Choudhary Yogesh (FCS 8644)
6. CS Chhajed Abhishek Prakashchand (FCS 11334)
7. CS Ganesh Rajput Mehul (FCS 11581)
8. CS Shah Snehal Chandrakant (FCS 6114)
9. CS Patare Sanjay Uttamrao (FCS 10153)
10. CS Rawal Bhaveshkumar Arjunkumar (FCS 8812)
11. CS Kulkarni Sagar Vivek (FCS 11770)
12. CS Chandra Rao Yarra (FCS 3679)

Issued pursuant to Rule 36 of the Company Secretaries (Election to the Council) Rules, 2006

CS ASISH MOHAN, Returning Officer and Secy.

[ADVT.-III/4/Exty./525/2022-23]



सत्यमेव जयते

# भारत का राजपत्र

## The Gazette of India

सी.जी.-डी.एल.-अ.-26122022-241419  
CG-DL-E-26122022-241419

असाधारण  
EXTRAORDINARY

भाग III—खण्ड 4  
PART III—Section 4

प्राधिकार से प्रकाशित  
PUBLISHED BY AUTHORITY

सं. 698]  
No. 698]

नई दिल्ली, सोमवार, दिसम्बर 26, 2022/पौष 5, 1944  
NEW DELHI, MONDAY, DECEMBER 26, 2022/PAUSA 5, 1944

भारतीय कम्पनी सचिव संस्थान  
अधिसूचना

नई दिल्ली, 26 दिसम्बर, 2022

**2022 दिसम्बर, सं. 1.**—अधिसूचना सं. 1 दिनांक 7 सितम्बर, 2022 के अनुसरण में भारतीय कम्पनी सचिव संस्थान की 14वीं परिषद के चुनाव कम्पनी सचिव अधिनियम, 1980 की धारा 9 (2) (ए) और कम्पनी सचिव (परिषद के चुनाव) नियमावली 2006 के अनुसार 9 और 10 दिसम्बर, 2022 को दिल्ली, कोलकाता, मुम्बई एवं बेंगलूर में और अन्य स्थानों पर 9 दिसम्बर, 2022 को आयोजित किए गए। 19 दिसम्बर, 2022 से 22 दिसम्बर, 2022 तक मतों की गणना करने के बाद चार क्षेत्रीय निर्वाचन क्षेत्रों से परिषद के लिए निम्नलिखित उम्मीदवारों को (निर्वाचन क्रमानुसार) निर्वाचित घोषित किया गया है: —

- I. पूर्वी भारत क्षेत्रीय निर्वाचन क्षेत्र
  1. सीएस केजरीवाल संदीप कुमार (एफसीएस-5152)
  2. सीएस डे रूपांजना (एफसीएस-7530)
- II. उत्तरी भारत क्षेत्रीय निर्वाचन क्षेत्र
  1. सीएस गुप्ता मनीष (एफसीएस-5123)
  2. सीएस चावला नीरज प्रीत सिंह (एफसीएस-6987)
  3. सीएस पांडे सुरेश (एफसीएस-7776)
  4. सीएस शुक्ला धनन्जय (एफसीएस-5886)
  5. सीएस पुरबे मनोज कुमार (एफसीएस-6063)

8650 GI/2022

(1)

**III. दक्षिणी भारत क्षेत्रीय निर्वाचन क्षेत्र**

1. सीएस मोहन कुमार अरवामुधन (एफसीएस-4347)
2. सीएस वेंकटा रमना आर. (एफसीएस-5705)
3. सीएस द्वारकानाथ चेन्नुर (एफसीएस-7723)

**IV. पश्चिमी भारत क्षेत्रीय निर्वाचन क्षेत्र**

1. सीएस चांडक पवन घनश्यामदास (एफसीएस-6429)
2. सीएस करोडिया आशीष (एफसीएस-6549)
3. सीएस बालासुब्रामनियम नरसिम्हन (एफसीएस-1303)
4. सीएस तरपारा राजेश छगनभाई (एफसीएस-6165)
5. सीएस सोनी प्रवीन (एफसीएस-6495)

कम्पनी सचिव (परिषद के चुनाव) नियमावली, 2006 के नियम 36 के अनुसरण में जारी।

सीएस आशीष मोहन, निर्वाचन अधिकारी एवं सचिव

[विज्ञापन-III/4/असा./517/2022-23]

**THE INSTITUTE OF COMPANY SECRETARIES OF INDIA****NOTIFICATION**

New Delhi, the 26th December, 2022

**No. 1 of December, 2022.**—Pursuant to Notification No. 1 of September, 2022, dated 7<sup>th</sup> September, 2022, the Election to the 14<sup>th</sup> Council of the Institute of Company Secretaries of India was held in accordance with Section 9(2) (a) of the Company Secretaries Act, 1980 and the Company Secretaries (Election to the Council) Rules, 2006 on 9<sup>th</sup> and 10<sup>th</sup> December, 2022 at Delhi, Kolkata, Mumbai and Bengaluru and on 9<sup>th</sup> December, 2022 at other places.

The following candidates have been declared elected to the Council (in the order elected) from the four Regional Constituencies after the counting of votes held from 19<sup>th</sup> to 22<sup>nd</sup> December, 2022:—

**I Eastern India Regional Constituency:**

1. CS Kejriwal Sandip Kumar (FCS-5152)
2. CS De Rupanjana (FCS-7530)

**II Northern India Regional Constituency:**

1. CS Gupta Manish (FCS-5123)
2. CS Chawla Niraj Preet Singh (FCS-6987)
3. CS Pandey Suresh (FCS-7776)
4. CS Shukla Dhananjay (FCS-5886)
5. CS Purbey Manoj Kumar (FCS-6063)

**III Southern India Regional Constituency:**

1. CS Mohankumar Aravamudhan (FCS-4347)
2. CS Venkata Ramana R (FCS-5705)
3. CS Dwarakanath Chemmur (FCS-7723)

**IV Western India Regional Constituency:**

1. CS Chandak Pawan Ghanshyamdas (FCS-6429)
2. CS Karodia Ashish (FCS-6549)

3. CS Balasubramaniam Narasimhan (FCS-1303)
4. CS Tarpara Rajesh Chhaganbhai (FCS-6165)
5. CS Soni Praveen (FCS-6495)

Issued pursuant to Rule 36 of the Company Secretaries (Election to the Council) Rules, 2006.

CS ASISH MOHAN, Returning Officer and Secy.

[ADVT.-III/4/Exty./517/2022-23]

# 4

## LEGAL WORLD



- KUSUM INGOTS AND ALLOYS LTD V. PENNAR PETERSON SECURITIES LTD & ORS[SC]
- DURGA BUILDERS PVT LTD V. REGISTRAR OF COMPANIES & ANR [NCLAT]
- ANDHRA PRADESH STATE FINANCIAL CORPORATION V. KALPTARU STEEL ROLLING MILLS LTD & ORS [NCLAT]
- SHAH PAPER MILLS LTD V. SHREE RAMA NEWSPRINT & PAPERS LTD [NCLAT]
- D. N. KRISHNAPPA V. THE DEPUTY GENERAL MANAGER [SC]
- CHANDRAMMA V. MANAGER REGIONAL OFFICE NCC LTD & ORS[SC]
- KIRLOSKAR BROTHERS LTD V. RAMCHARAN & ORS [SC]
- SANSERA ENGINEERING LTD V. DEPUTY COMMISSIONER [LPU] BENGALURU [SC]
- MEENAKSHI SOLAR POWER PVT LTD V. ABHYUDAYA GREEN ECONOMIC ZONES PVT LTD & ORS [SC]



## Corporate Laws

### Landmark Judgement

**LMJ 01:01:2023**

**KUSUM INGOTS AND ALLOYS LTD v. PENNAR PETERSON SECURITIES LTD & ORS[SC]**

**Appeal (Crl.) 212-216 of 2000**

**K.T. Thomas & D.P. Mohapatra, JJ. [Decided on 23/02/2000]**

**Equivalent citations: 2000 (1) SCR 1120; (2000) 100 Comp Cas 755.**

**Section 138 of the Negotiable Instruments Act, 1882 read with section 22 of the SICA- sick company- cheque issued before the company became sick but at the time of due date of payment the company became sick- said cheque was dishonoured – whether the company and directors are liable to be prosecuted- Held, Yes.**

#### **Brief facts:**

The common question that arose for consideration in these appeals was whether a company and its Directors could be proceeded against for having committed an offence under section 138 of the Negotiable Instruments Act, 1881 (for short 'the NI Act') after the company has been declared sick under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (for short 'SICA') before the expiry of the period for payment of the cheque amount. The answer to the question depends on interpretation of section 138 of the NI Act and its interaction with the relevant provisions of SICA. Since the relevant facts involved in all the cases are similar and a common question of law arises in all the cases they were heard together and they are being disposed of by this judgment.

**Decision:** Dismissed

#### **Reason:**

In our considered view section 22 SICA does not create any legal impediment for instituting and proceeding with a criminal case on the allegations of an offence under section 138 of the NI Act against a company or its Directors. The section as we read it only creates an embargo against disposal of assets of the company for recovery of its debts. The purpose of such an embargo is to preserve the assets of the company from being attached or sold for realisation of dues of the

creditors. The section does not bar payment of money by the company or its directors to other persons for satisfaction of their legally enforceable dues.

The question that remains to be considered is whether section 22 A of SICA affects a criminal case for an offence under section 138 NI Act. In the said section provision is made enabling the Board to make an order in writing to direct the sick industrial company not to dispose of, except with the consent of the Board, any of its assets - (a) during the period of preparation or consideration of the scheme under section 18; and (b) during the period beginning with the recording of opinion by the Board for winding up of the company under sub-section (1) of section 20 and up to commencement of the proceedings relating to the winding up before the concerned High Court. This exercise of the power by the Board is conditioned by the prescription that the Board is of the opinion that such a direction is necessary in the interest of the sick industrial company or its creditors or shareholders or in the public interest. In a case in which the BIFR has submitted its report declaring a company as 'sick' and has also issued a direction under section 22-A restraining the company or its directors not to dispose of any of its assets except with consent of the Board then the contention raised on behalf of the appellants that a criminal case for the alleged offence under section 138 NI Act cannot be instituted during the period in which the restraint order passed by the BIFR remains operative cannot be rejected outright. Whether the contention can be accepted or not will depend on the facts and circumstances of the case. Take for instance, before the date on which the cheque was drawn or before expiry of the statutory period of 15 days after notice, a restraint order of the BIFR under Section 22-A was passed against the company then it cannot be said that the offence under section 138 NI Act was completed. In such a case it may reasonably be said that the dishonouring of the cheque by the bank and failure to make payment of the amount by the company and/or its Directors is for reasons beyond the control of the accused. It may also be contended that the amount claimed by the complainant is not recoverable from the assets of the company in view of the ban order passed by the BIFR. In such circumstances it would be unjust and unfair and against the intent and purpose of the statute to hold that the Directors should be compelled to face trial in a criminal case.

Except in the circumstances noted above we do not find any good reason for accepting the contentions raised by the learned counsel for the appellants in favour of the prayer for quashing the criminal proceedings or for keeping the proceedings in abeyance. It will be open to the appellants to place relevant materials in this regard before the learned Magistrate before whom the cases are pending and the learned Magistrate will ex-amine the matter keeping in mind the discussions made in this judgment. We make it clear that we have not considered the question whether in the facts and circumstances of a particular case Section 138 NI Act is attracted or not, for that is a question to be considered by the Court at the appropriate stage of the case in the light evidence on record. The appeals are disposed of on the terms aforesaid.

**LW 01:01:2023****DURGA BUILDERS PVT LTD v. REGISTRAR OF COMPANIES & ANR [NCLAT]****Company Appeal (AT) No. 154 of 2021**

Anant Bijay Singh & Kanthi Narahari. [Decided on 15/12/2022]

**Companies Act, 2013- section 252- restoration of the name of the company- company was in litigation- not able to file financial statements -name struck off from the register without hearing the company – name restoration application was also rejected- whether correct-Held, No.**

**Brief facts:**

The present Appeal was filed by the Appellant being aggrieved and dissatisfied by the order passed by the National Company Law Tribunal whereby Appeal filed by Directors of the Company named Durga Builders Pvt Ltd (“the Company” for short) invoking the provisions of Section 252 of the Companies Act, 2013 (the Act) for restoration of the name of the Company in the Register maintained by the Registrar of Companies (the RoC) has been rejected.

**Decision:** Allowed

**Reason:**

After hearing the parties and going through the pleadings made on behalf of the parties, we observe that the Appellant Company is in litigation therefore, the Company has not filed the financial statements and also without giving opportunity of hearing, the Respondent No. 1/Registrar of Companies struck off the name of the Appellant Company’s from the Register maintained by him, but in view of the fact and also the Bank Statements of the Appellant Company from 2015 -2018 shows that the Appellant Company is having substantial movable as well as immovable assets. Therefore, it cannot be said that the Appellant Company is not carrying on any business or operations. Hence, we are of the view that the order passed by the National Company Law Tribunal (Court-V, New Delhi) as well as Registrar of Companies, NCT Delhi & Haryana is not sustainable in law.

In view of the aforementioned, we set aside the impugned order passed by the National Company Law Tribunal. The name of the Appellant Company be restored to the Register of Companies subject to the following compliances.

- i) Appellant shall pay costs of Rs. 50,000/- (Rupees Fifty Thousand) to the Registrar of Companies, NCT Delhi & Haryana within 08 (Eight) weeks from passing of this Judgment.
- ii) After restoration of the Company’s name in the Register maintained by the RoC, the Company shall file all their Annual Returns and Balances Sheets. The Company shall also pay requisite charges/fee as well as late fee/charges as applicable within 08 (Eight) weeks thereafter.

- iii) In spite of present orders, RoC will be free to take any other steps punitive or otherwise under the Companies Act, 2013 for non- filing/late filing of statutory returns/documents against the Company and Directors. The instant Appeal is allowed to the above extent.

**LW 02:01:2023****ANDHRA PRADESH STATE FINANCIAL CORPORATION v. KALPTARU STEEL ROLLING MILLS LTD & ORS [NCLAT]****Company Appeals (AT) (Insolvency) No. 584 of 2020 & 68 of 2021**

Ashok Bhushan & Barun Mitra. [Decided on 13/12/2022]

**Insolvency and Bankruptcy Act, 2016 read with State Financial Corporations Act, 1959 - corporate debtor had mortgaged the property and handed over the title deeds to the appellant- approval of resolution plan by NCLT and direction to the appellant to release the titled deeds of the property- whether NCLT is correct- Held, Yes.**

**Brief facts:**

These two Appeals have been filed by the same Appellant challenging order passed by the Adjudicating Authority (National Company Law Tribunal), Principal Bench, New Delhi approving the Resolution Plan of the Corporate Debtor - Kalptaru Steel Rolling Mills Ltd. and another order allowing the application filed by the Resolution Professionals seeking direction to the Appellant for releasing original title deeds of the property mortgaged with the Appellant by the Corporate Debtor.

**Decision:** Dismissed

**Reason:**

Now coming to the submission of learned counsel for the Appellant that objections raised by the Appellant have not been adequately considered by the Adjudicating Authority, suffice it to say that the objection was filed by the Appellant raising ground that Resolution Plan is not in accordance with the Code which objection has been rejected on 31.01.2020 by the Adjudicating Authority, which order has never been challenged. The Adjudicating Authority in the impugned order has also noticed certain objection raised by the Appellant Financial Creditor and the Adjudicating Authority has returned a finding that there has been equitable treatment between both the similarly situated secured creditors, CoC had approved the Resolution Plan by the requisite majority. The submission of the Appellant that Corporate Debtor was not a going concern, hence, there was no question of approving the Resolution Plan, also need to be rejected. In Para 52 of the impugned order the Adjudicating Authority has referred to the reply submitted by the Resolution Professional where it was mentioned that the Resolution Plan contains the provision for takeover of the Corporate Debtor as going concern and amalgamation of the Corporate Debtor

with the Resolution Applicant. The Resolution Plan also contains provision for implementation of the plan through a monitoring committee. The Adjudicating Authority rightly observed that resolution is the rule and the object of the Code is to promote resolution. The Adjudicating Authority in detail considered the various parts of the plan which has been held to be compliant to the Section 30 of the Code.

The submission of the Appellant that the order passed by the Adjudicating Authority is nullity since it is passed on an application which is barred by time, need no acceptance for the reasons as we have indicated above. The challenge to the order initiating CIRP on Section 7 application has been rejected by the Hon'ble Supreme Court in the Special Leave Petition filed by the Appellant, hence, it is no more open for the Appellant to contend that the order passed by the Adjudicating Authority was without jurisdiction. Learned counsel for the Resolution Professional has rightly placed reliance on the judgment of Hon'ble Supreme Court in *India Resurgence ARC Pvt. Ltd. vs. Amit Metaliks Ltd. & Anr* (Civil Appeal No. 1700 of 2021), where the Hon'ble Supreme Court has held that distribution of the amount to the Financial Creditors as per the decision of the CoC cannot be permitted to be challenged.

We, thus, are satisfied that there are no grounds made out to interfere with the order approving the Resolution Plan. Now, coming to the order dated 19.11.2020 passed by the Adjudicating Authority allowing I.A. No.2123 (PB)/2019, suffice it to say that the order dated 19.11.2020 is a consequential order to the approval of the plan dated 14.02.2020 which needs no interference by this Appellate Tribunal. In result, both the Appeals are dismissed.

**LW 03:01:2023**

**SHAH PAPER MILLS LTD v. SHREE RAMA NEWSPRINT & PAPERS LTD [NCLAT]**

**Company Appeal (AT) (Ins.) No. 1088 of 2022**

**Ashok Bhushan , Barun Mitra & Alok Srivastava. [Decided on 21/12/2022]**

**Insolvency and Bankruptcy Act,2016-section 9-CIRP petition by operational creditor- corporate debtor raised the issue of pre-existing dispute- NCLT accepted the contention of the corporate debtor and dismissed the CIRP- whether correct-Held, No.**

### **Brief facts:**

The present was appeal filed by the Appellant against the order ('the Impugned Order' for short) passed by the Adjudicating Authority (National Company Law Tribunal, Ahmedabad, Division Bench Court-I). By the Impugned Order, the Adjudicating Authority dismissed the CIRP application filed under Section 9 of the IBC by the Operational Creditor (the appellant herein) for initiation of Corporate Insolvency Resolution Process ('CIRP' in short) against the Corporate Debtor (the respondent herein).

**Decision:** Allowed

### **Reason:**

We have duly considered the arguments and submissions advanced by the Learned Counsel for both the parties and perused the records carefully. The issue in the present case before our consideration is whether any operational debt above the threshold limit had become due and payable to the Operational Creditor and a default in payment thereof had arisen and whether any pre-existing dispute can be deciphered.

It is well settled that in Section 9 proceeding of IBC, the Adjudicating Authority is not to enter into final adjudication with regard to existence of disputes between the parties regarding the operational debt but what has to be looked into is whether the defence raised by the Corporate Debtor is moonshine defence or not.

It has been noted by the Adjudicating Authority that there is no prior dispute regarding quality of goods or material supplied. What however has been held as dispute by the Adjudicating Authority is the difference of views on the actual amount payable by the Corporate Debtor to the Operational Creditor. One reason for this difference to have cropped up is on account of express unwillingness on the part of the Corporate Debtor to clear the liability of outstanding debt for the period prior to change of management. The other reason for the difference has been attributed by the Corporate Debtor to non- reconciliation of accounts.

Since the Adjudicating Authority has come to the conclusion of a "serious dispute" between the Operational Creditor and Corporate Debtor on the quantum of operational debt due and payable by placing reliance on the reply of the Corporate Debtor to the Section 8 notice, after perusing the above reply, we find that the Adjudicating Authority has glossed over the fact that the Corporate Debtor has not controverted the outstanding liability which it had admitted on 15.04.2017. Furthermore, claiming that no amount is due and payable to the Operational Creditor, we find that the Corporate Debtor has made this statement with the caveat that only invoices, post change in management, have been paid in full. To our mind, this caveat needs to be examined to find out whether it supports the claims of there being a pre-existing dispute.

We are of the considered view that the stand taken by the Corporate Debtor in their reply to the Demand Notice that they are not liable for the claims of the Operational Creditor prior to change in management is not a tenable argument. Change in management is an internal matter of the Corporate Debtor in which the Operational Creditor had no role to play. Change in management of the Corporate Debtor cannot be a ground for extinguishing/wiping off the past liabilities that they owed to the Operational Creditor. Therefore, it is not open for the Corporate Debtor to contend that they were not liable for the outstanding liability which had accrued

during the period of the previous management and hold this as a ground of dispute. The untenability of this contention is reinforced by the fact that they had already categorically acknowledged and admitted their outstanding liability in their communication dated 15.04.2017.

From the facts of the present case and the material on record, it also appears that the Corporate Debtor has tried to take advantage of their own wrong of being lackadaisical in reconciling the accounts in spite of nearly 30 requests made by the Operational Creditor to do so. In the entire discussion by the Adjudicating Authority, we find that no notice has been taken in respect of repeated and multiple reminders sent by the Operational Creditor to the Corporate Debtor in this regard. In the result, we are thus of the view that ground for rejection of the Application under Section 9 of IBC was erroneous. Appeal is allowed.



## Industrial & Labour Laws

**LW 04:01:2023**

**D. N. KRISHNAPPA v. THE DEPUTY GENERAL MANAGER [SC]**

**Civil Appeal No. 9008 of 2022 (@ SLP(C) No. 18635 of 2022)**

**M.R. Shah & C.T. Ravikumar, JJ. [Decided on 12/12/2022]**

**Industrial Disputes Act, 1947- reinstatement ordered with full wages on 18/07/2007- the award was stayed but later the stay got vacated when the award was finally confirmed- the employee was reinstated on 20/09/2013- full wages were paid from the date of actual reinstatement- whether full wages to be paid from the date of award-Held, Yes.**

### **Brief facts:**

The short question, which was posed for consideration of the Court, in the present appeal, was whether the appellant shall be entitled to the full wages from the date of award of reinstatement i.e., 18.07.2007 passed by the CGIT to the actual date of reinstatement i.e., 23.09.2013?

**Decision:** Allowed

### **Reason:**

Having heard learned counsel appearing on behalf of the respective parties and considering the facts narrated hereinabove, it emerges that the order of reinstatement vide

award dated 18.07.2007 has been confirmed up to the Division Bench of the High Court and even by this Court. What was modified by the High Court was the back wages from the date of termination till the date of award passed by the CGIT. It was the bank – employer who obtained the stay order against the order of reinstatement which ultimately came to be terminated on 12.07.2013 when the Division Bench of the High Court dismissed the writ appeals. As observed hereinabove, it was the employer – bank who obtained the stay against reinstatement and ultimately order of reinstatement attained the finality. Why should the employee be made suffer, when the bank obtained the stay of reinstatement and when the order of reinstatement subsequently came to be confirmed and attained the finality?

So far as the submissions on behalf of the bank that the interim order merged with final order dated 12.07.2013 and therefore, the appellant is not entitled to claim the back wages for the period between 18.07.2007 and 12.07.2013 is concerned, at the outset, it is required to be noted that the interim order is always subject to the final order that may be passed finally while terminating the proceedings. Interim orders are always subject to the final decision. Therefore, merely because there was an interim order/stay of the order of reinstatement during the pendency of the proceedings, the employee – appellant cannot be denied the back wages/wages when ultimately the order of reinstatement came to be confirmed by the Court.

Similarly, the submission on behalf of the bank applying the principle of merger has also no substance. In the present case as such the order of award of reinstatement has been confirmed by the Division Bench of the High Court. Therefore, the order of reinstatement will rely back to the original order passed by the Labour Court. Merely because the reinstatement order was under challenge and there was a stay of the order of reinstatement during the pendency of the proceedings before the High Court, it cannot be a ground to deny the wages to the employee when ultimately the order of reinstatement came to be confirmed and attained the finality.

Now so far as the submissions on behalf of the bank that as during the pendency of the proceedings before the High Court and for the period during the stay of order of reinstatement, the appellant was paid the last drawn wages under Section 17B of the ID Act and therefore he is not entitled to any wages for the period during the stay is concerned, there is no substance. At the most, whatever is held to be entitled to pay the appellant – employee as wages from the order of award of reinstatement till actual reinstatement, whatever is paid under Section 17B of the ID Act, the same is to be deducted and/or adjusted.

Now reliance placed upon the decision of this Court in the case of Bombay Chemical Industries (supra) considered by the High Court is concerned, as such the High Court has misapplied the said decision to the facts of the case on hand. In the present case, the claim of the appellant was adjudicated upon. The appellant approached the Industrial Tribunal by

way of an application under Section 33-C(2) of the ID Act for implementation of award dated 18.07.2007. Therefore, so far as the order of reinstatement and the wages claimed on the order of reinstatement is concerned, the same were already adjudicated upon. In the case of Bombay Chemical Industries (supra), it is observed and held that un-adjudicated claim cannot be the subject matter of proceedings under Section 33-C(2) and in the proceedings under Section 33-C(2), the Tribunal can only interpret the award or settlement on which the claim is based. Under the circumstances, the said decision shall not be applicable to the facts of the case on hand.

In view of the above and for the reasons stated above, the impugned judgment and order passed by the Division Bench of the High Court allowing the writ petition preferred by the respondent – bank and quashing and setting aside the order passed by the CGIT under Section 33-C(2) of the ID Act directing the bank to pay the wages from 18.07.2007 to 23.09.2013 is unsustainable and the same deserves to be quashed and set aside and is accordingly quashed and set aside. It is held that the appellant shall be entitled to the full wages with all emoluments from the date of order of reinstatement i.e., 18.07.2007 to the date of actual reinstatement i.e., 23.09.2013, however, after adjusting/deducting the amount already paid under Section 17B of the ID Act. Present appeal is allowed accordingly to the aforesaid extent. No costs.

**LW 05:01:2023**

**CHANDRAMMA v. MANAGER REGIONAL OFFICE  
NCC LTD & ORS[SC]**

**Civil Appeal No. 9069 of 2022 (@ SLP(C) No. 32347  
of 2018)**

**Krishna Murari & S. Ravindra Bhat ,JJ. [Decided on  
09/12/2022]**

**Employees Compensation Act,1923- functional  
disability- not able to lift anything by hand- whether  
disability to be assessed at 100%- Held, yes.**

**Brief facts:**

The present appeal was directed against the final order passed by the High Court of Karnataka (hereinafter referred to as “High Court”), wherein the High Court partly allowed the appeal of the Appellant and assessed the income as Rs.8000/- per month and accordingly reduced the compensation to Rs. 2,19,512/-. Hence the challenge against the reduction of compensation.

**Decision:** Allowed

**Reason:**

We have carefully considered the rival contentions of the learned counsel appearing for the parties and perused the entire records. The issue involved in the instant matter primarily relates to the determination of quantum of compensation

awarded under various heads by the Commissioner and the High Court.

Taking the type of disability into concern, just compensation should be awarded to the person aggrieved. “Just Compensation” should include all elements that would go to place the victim in as near a position as she or he was in, before the occurrence of the accident. Whilst no amount of money or other material compensation can erase the trauma, pain, and suffering that a victim undergoes after a serious accident, (or replace the loss of a loved one), monetary compensation is the manner known to law, whereby society assures some measure of restitution to those who survive, and the victims who have to face their lives.

In the case at hand, the appellant is a skilled labour, who was involved in the work of construction of hospital building. On 22.07.2015, the appellant fell down from second floor to ground floor when the centering plate collapsed on her head. It is pertinent to mention that doctors who treated the appellant have held that she sustained fracture of spinal bone and compound fracture on various parts of the body. Appellant herein, contended that the contractor had not provided any safety gears, instead he allowed the labourer to take the cement on the head. The negligence of the contractor lead to appellant’s permanent partial disablement.

Predominantly, it is to be noted that the appellant is suffering from permanent partial disablement which also implies that she will not be able to do anything manually such as unloading building materials or using hand tools like shovels or picks or operating other machinery. Therefore, On the issue of disability, what is relevant is the statement of the Dr. Mallikarjun who examined the appellant for making an assessment of the disability. The disability report showed that there is Permanent Partial Disability of about 58% of the limb, which corresponds with 26% whole body.

There is no dispute that the appellant suffered from disablement of permanent nature. The disablement has incapacitated her from doing the work which she was capable of doing. The said work was of that of a labourer. Therefore, the Commissioner for Workmen’s Compensation was wrong in holding that the disability of the appellant will have to be treated as 20% disability as the work of an appellant involves lifting heavy weights and the appellant has been rendered incapable from doing such work due to her disability. Hence, the case of the appellant will be covered by the definition of ‘total disablement’, therefore, being 100% disabled.

Having considered the aforesaid facts of the present case and the dictum of the judicial pronouncements referred to above and the position of the appellant after the accident, incapacitated her from carrying out her vocation as a labourer, we are of the opinion that the impugned order passed by the High Court is not liable to be sustained. The functional disability of the appellant is liable to be assessed as 100% and, accordingly, the compensation is to be determined. The functional disability of

the appellant being 100%, her age being 40 years and income being Rs.8000/-, 60% whereof works out to be Rs.4800/- and applying the multiplier of 184.17, as per Schedule IV of the 1993 Act, the compensation works out to be Rs.8,84,016/-. Adding an amount of Rs.42,200/- towards medical expenses for which the bills were presented, the total compensation works out to be Rs.9,26,216/- rounded off to Rs. 9,30,000/-. The appellant shall also be entitled for payment of interest @ 9% per annum, from the date of making the application till the date of actual payment. The respondent Insurance Company is directed to pay the enhanced amount of compensation to the appellant along with 9% interest, calculated from the date of making of the application till the date of payment within six weeks from today.

**LW 06:01:2023**

**KIRLOSKAR BROTHERS LTD v. RAMCHARAN & ORS [SC]**

**Civil Appeal Nos. 8446-8447 of 2022**

**M.R. Shah & Hima Kholi, JJ. [Decided on 05/12/2022]**

**Contract Labour (Regulation & Control) Act, 1975- principal employer terminated the labour contract with the contractor- contract labourers claimed reinstatement with the principal employer - whether tenable-Held, No.**

### **Brief facts:**

Feeling aggrieved and dissatisfied with the impugned judgment and order passed by the learned Single Judge of the High Court of Madhya Pradesh and the impugned judgment and order passed by the Division Bench of the High Court, by which the High Court has dismissed the appeal(s) preferred by the appellant herein – employer confirming the judgment and order passed by the Industrial Tribunal ordering reinstatement and directing that the concerned employees / workmen (who were contract labourers) were the employees of the appellant principal employer. The appellant principal employer had preferred the present appeals.

**Decision:** Allowed

### **Reason:**

Having heard learned senior counsel appearing on behalf of the appellant and the material on record, it appears that the contesting respondents herein were the contractual labourers of the respondent No. 7 – contractor, who was a contractor engaged by the appellant in terms of the contract dated 22.04.1995, which was renewed from time to time. It is an admitted position in the present case that no notification under Section 10 of the CLRA Act has been issued by the State Government / appropriate Government, prohibiting the contract labour. It also appears that upon entering into the contract, necessary compliance under the CLRA Act was also completed by the appellant and the respondent No. 7

– contractor. On the labour contract coming to an end, the services of the contesting respondents were dispensed with by the contractor.

On going through the entire material on record, no documentary evidence was produced, by which it can be said that the contesting respondents were the employees of the appellant. There is no provision under Section 10 of the CLRA Act that the workers/employees employed by the contractor automatically become the employees of the appellant and/or the employees of the contractor shall be entitled for automatic absorption and/or they become the employees of the principal employer. It is to be noted that even the direct control and supervision of the contesting respondents was always with the contractor. There is no evidence on record that any of the respondents were given any benefits, uniform or punching cards by the appellant.

Under the contract and even under the provisions of the CLRA, a duty was cast upon the appellant to pay all statutory dues, including salary of the workmen, payment of PF contribution, and in case of non-payment of the same by the contractor, after making such payment, the same can be deducted from the contractor's bill. Therefore, merely because sometimes the payment of salary was made and/or PF contribution was paid by the appellant, which was due to non-payment of the same by the contractor, the contesting respondents shall not automatically become the employees of the principal employer – appellant herein.

Even otherwise, as observed hereinabove, in the absence of a notification under Section 10 of the CLRA Act unless there are allegations or findings with regard to a contract being sham, private respondents herein, who are as such the workmen/employee of the contractor, cannot be held to be employees of the appellant and not of the contractor.

Applying the law laid down by this Court in the aforesaid two decisions [Steel Authority of India Ltd & Ors. Vs. National Union Waterfront Workers and Ors (2001) 7 SCC 1 and International Airport Authority of India Vs. International Air Cargo Workers' Union and Anr (2009) 13 SCC 374] to the facts of the case on hand and in the absence of any notification under Section 10 of the CLRA Act and in the absence of any allegations and/or findings that the contract was sham and camouflage, both the Industrial Tribunal as well as the High Court have committed a serious error in reinstating the contesting respondents and directing the appellant – principal employer to absorb them as their employees. The parties shall be governed by the CLRA Act and relief, if any, could have been granted under the provisions of the CLRA Act and not under the MPIR Act.

In view of the above and for the reasons stated above, the present appeals are allowed. The impugned judgment(s) and order(s) passed by the High Court as well as the judgment and order passed by the Industrial Tribunal are hereby quashed and set aside. The judgment and award passed by the Labour Court is hereby restored. Present appeals are accordingly allowed.



## Tax Laws

**LW 07:01:2023**

**SANSERA ENGINEERING LTD v. DEPUTY COMMISSIONER [LPU] BENGALURU [SC]**

**Civil Appeal No. 8717 of 2022**

**M.R. Shah & M.M. Sundresh ,JI. [Decided on 29/11/2022]**

**Central Excise Act,1944- section 11B- limitation to claim refund of tax- appellant exported goods- claimed rebate after the expiry of the prescribed limitation period- Revenue rejected the claim of rebate as time barred - whether correct-Held, Yes.**

### **Brief facts:**

The present appeal was directed against the impugned judgment and order passed by the High Court of Karnataka, whereby the Division Bench of the High Court has dismissed the appeal preferred by the appellant herein and has confirmed the common judgment and order passed by the learned Single Judge dismissing the writ petitions, upholding the order passed by the respondent rejecting the claim of the appellant for rebate on the ground that the claim was barred by time/ limitation prescribed under Section 11B of the Central Excise Act, 1944 (hereinafter referred to as the 'Act').

**Decision:** Dismissed

### **Reason:**

The short question which is posed for consideration of this Court is, "whether the claim for rebate of duty provided under Rule 18 of the Central Excise Rules, 2002, the period of limitation prescribed under Section 11B of the Central Excise Act, 1994 shall be applicable or not?"

On a fair reading of Section 11B of the Act, it can safely be said that Section 11B of the Act shall be applicable with respect to claim for rebate of duty also. As per Explanation (A) to Section 11B, "refund" includes "rebate of duty" of excise. As per Section 11B(1) of the Act, any person claiming refund of any duty of excise (including the rebate of duty as defined in Explanation (A) to Section 11B of the Act) has to make an application for refund of such duty to the appropriate authority before the expiry of one year from the relevant date and only in the form and manner as may be prescribed. The "relevant date" is defined under Explanation (B) to Section 11B of the Act, which means in the case of goods exported out of India where a refund of excise duty paid is available in respect of the goods themselves or, as the case may be, the excisable materials used in the manufacture of goods..... Thus, the "relevant date" is relatable to the goods exported.

Therefore, the application for rebate of duty shall be governed by Section 11B of the Act and therefore shall have to be made before the expiry of one year from the "relevant date" and in such form and manner as may be prescribed. The form and manner are prescribed in the notification dated 6.9.2004. Merely because in Rule 18 of the 2002 Rules, which is an enabling provision for grant of rebate of duty, there is no reference to Section 11B of the Act and/or in the notification dated 6.9.2004 issued in exercise of powers conferred by Rule 18, there is no reference to the applicability of Section 11B of the Act, it cannot be said that the provision contained in the parent statute, namely, Section 11B of the Act shall not be applicable, which otherwise as observed hereinabove shall be applicable in respect of the claim of rebate of duty.

At this stage, it is to be noted that Section 11B of the Act is a substantive provision in the parent statute and Rule 18 of the 2002 Rules and notification dated 6.9.2004 can be said to be a subordinate legislation. The subordinate legislation cannot override the parent statute. Subordinate legislation can always be in aid of the parent statute. At the cost of repetition, it is observed that subordinate legislation cannot override the parent statute. Subordinate legislation which is in aid of the parent statute has to be read in harmony with the parent statute. Subordinate legislation cannot be interpreted in such a manner that parent statute may become otiose or nugatory. If the submission on behalf of the appellant that as there is no mention/reference to Section 11B of the Act either in Rule 18 or in the notification dated 6.9.2004 and therefore the period of limitation prescribed under Section 11B of the Act shall not be applicable with respect to claim for rebate of duty is accepted, in that case, the substantive provision – Section 11B of the Act would become otiose, redundant and/or nugatory. If the submission on behalf of the appellant is accepted, in that case, there shall not be any period of limitation for making an application for rebate of duty. Even the submission on behalf of the appellant that in such a case the claim has to be made within a reasonable time cannot be accepted. When the statute specifically prescribes the period of limitation, it has to be adhered to.

It is required to be noted that Rule 18 of the 2002 Rules has been enacted in exercise of rule making powers under Section 37(xvi) of the Act. Section 37(xxiii) of the Act also provides that the Central Government may make the rules specifying the form and manner in which application for refund shall be made under section 11B of the Act. In exercise of the aforesaid powers, Rule 18 has been made and notification dated 6.9.2004 has been issued. At this stage, it is required to be noted that as per Section 11B of the Act, an application has to be made in such form and manner as may be prescribed. Therefore, the application for rebate of duty has to be made in such form and manner as prescribed in notification dated 6.9.2004. However, that does not mean that period of limitation prescribed under Section 11B of the Act shall not be applicable at all as contended on behalf of the appellant. Merely because there is no reference of Section 11B of the Act either in Rule 18 or in the notification dated 6.9.2004 on the applicability of Section 11B of the Act, it cannot be said that the parent statute – Section 11B of the Act shall not be applicable at all, which otherwise as observed hereinabove shall be applicable with respect to rebate of duty claim.

As such, the issue involved in the present appeal is squarely covered by the decision of this Court in the cases of Mafatlal Industries Ltd. (supra) and Uttam Steel Limited(supra). After taking into consideration Section 11B of the Act and the notification and procedure under Rule 12, it is specifically observed and held that rebate of duty of excise on excisable goods exported out of India would be covered under Section 11B of the Act. After referring to the decision of this Court in the case of Mafatlal Industries Ltd. (supra), it is further observed in the case of Uttam Steel Limited(supra) that such claims for rebate can only be made under Section 11B within the period of limitation stated therefor. On the argument based on Rule 12, this Court has specifically observed that such argument has to be discarded as it is not open to subordinate legislation to dispense with the requirements of Section 11B. The aforesaid observations made by this Court in the case of Uttam Steel Limited(supra) clinches the issue. The said decision has been subsequently rightly followed by the Madras High Court in the case of Hyundai Motors India Limited (supra).

In view of the above and for the reasons stated above, it is observed and held that while making claim for rebate of duty under Rule 18 of the Central Excise Rules, 2002, the period of limitation prescribed under Section 11B of the Central Excise Act, 1944 shall have to be applied and applicable. In the present case, as the respective claims were beyond the period of limitation of one year from the relevant date, the same are rightly rejected by the appropriate authority and the same are rightly confirmed by the High Court. We see no reason to interfere with the impugned judgment and order passed by the High Court. Under the circumstances, the present appeal fails and deserves to be dismissed and is accordingly dismissed. However, there shall be no order as to costs.



## General Laws

**LW 08:01:2023**

**MEENAKSHI SOLAR POWER PVT LTD v. ABHYUDAYA GREEN ECONOMIC ZONES PVT LTD & ORS [SC]**

**Civil Appeal No. 8818 of 2022 (@ SLP (Civil) No. 11570 of 2021)**

**B.R.Gavai & B.V. Nagarathna, JJ. [Decided on 23/11/2022]**

**Arbitration and Conciliation Act, 1996- section 11(6)-share purchase agreement containing arbitration clause- novation of share purchase agreement-dispute arose post-novation- whether the dispute arbitrable- Held, Yes.**

### **Brief facts:**

This Civil Appeal was filed assailing the impugned judgment and order passed by the High Court of Judicature for the State of Telangana at Hyderabad whereby the High Court dismissed the arbitration application under Section 11(6) of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as 'Act of 1996', for short) filed by the appellant herein.

**Decision:** Allowed

### **Reason:**

The plea taken by the respondent herein is that owing to novation of share purchase agreement, the arbitration clause no longer existed so as to resolve the dispute between the parties through arbitration. On the other hand, the plea of the appellant is that there was no such novation of the share purchase agreement and the arbitration clause was very much available and hence, the High Court ought to have referred the matter to arbitration.

In *Vidya Drolia (supra)*, it has been further observed in relation to the aforesaid three categories in *Boghara Polyfab Pvt. Ltd (supra)*. The first category of issues, namely, whether the party has approached the appropriate High Court, whether there is an arbitration agreement and whether the party who has applied for reference is party to such agreement would be subject to a more thorough examination in comparison to the second and third categories/issues which are presumptively, save in exceptional cases, for the arbitrator to decide. In the first category, the question or issues are relating to whether the cause of action relates to action *in personam or rem*; whether the subject matter of the dispute affects third party rights, have *erga omnes* effect, requires centralised adjudication; whether the subject matter relates to inalienable sovereign and public interest functions or by necessary implication nonarbitrable as per mandatory statutes. On the other hand, issues relating to contract formation, existence, validity and non-arbitrability would be connected and intertwined with the issues underlying the merits of the respective disputes/claims. They would be factual and disputed and for the Arbitral Tribunal to decide.

Further, this Court observed that the court at the referral stage can interfere only when it is manifest that the claims are *ex facie* time barred and dead, or there is no subsisting dispute. In the context of issue of limitation period, it should be referred to the Arbitral Tribunal for decision on merits. Similar would be the position in case of disputed "noclaim certificate" or defence on the plea of novation and "accord and satisfaction".

In view of the aforesaid discussion, we find that High Court was not right in dismissing the petition under Section 11(6) of the Act of 1996 filed by the appellant herein by giving a finding on novation of the Share Purchase Agreement between the parties as the said aspect would have a bearing on the merits of the controversy between the parties. Therefore, it must be left to the Arbitrator to decide on the said issue also. Hence, the impugned judgment and order passed by the High Court has to be set aside. In the result, the appeal filed by the appellant is allowed and the impugned judgment and order passed by the High Court is hereby quashed and set aside.



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)



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

सत्यं वद। धर्मं चर।

**ICSI Motto**

इष्टार्थं कुरु त्वत्कर्म, कर्तव्यं तु कुरु।

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

E-BOOK ON

# COMPANIES ACT, 2013

## KEY FEATURES:

- Effortless usage
- Refined appearance
- Dedicated tabs for easy access:
  - o Companies Act, 2013
  - o Companies Rules
  - o Effective Dates
  - o Notifications/Circulars
- Prompt updation of Circulars/ Notifications (within 2 working days of issue)
- Hyperlink facility available in Sections to the relevant Rules
- Search facility available in all 4 tabs
- Access at: <https://www.icsi.edu/companies-act/>



Connect with ICSI

[www.icsi.edu](http://www.icsi.edu) | [f](#) [t](#) [in](#) [v](#) [ig](#) | Online Helpdesk : <http://support.icsi.edu>

# 5

## FROM THE GOVERNMENT



- CLARIFICATION OF HOLDING OF ANNUAL GENERAL MEETING (AGM) THROUGH VIDEO CONFERENCE (VC) OR OTHER AUDIO VISUAL MEANS (OAVM)
- INTRODUCTION OF INVESTOR RISK REDUCTION ACCESS (IRRA) PLATFORM IN CASE OF DISRUPTION OF TRADING SERVICES PROVIDED BY THE TRADING MEMBER (TM)
- CLARIFICATION TO SEBI CIRCULAR DATED AUGUST 04, 2022 ON ENHANCED GUIDELINES FOR DEBENTURE TRUSTEES AND LISTED ISSUER COMPANIES ON SECURITY CREATION AND INITIAL DUE DILIGENCE
- APPLICABILITY OF SEBI CIRCULAR ON PRINCIPLES OF FINANCIAL MARKET INFRASTRUCTURES (PFMIS) TO AMC REPO CLEARING LIMITED
- FRAMEWORK FOR ORDERLY WINDING DOWN OF CRITICAL OPERATIONS AND SERVICES OF A CLEARING CORPORATION
- PERFORMANCE BENCHMARKING AND REPORTING OF PERFORMANCE BY PORTFOLIO MANAGERS
- FOREIGN INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (AIFS)
- CLARIFICATION - SCHEME(S) OF ARRANGEMENT BY ENTITIES WHO HAVE LISTED THEIR NON-CONVERTIBLE DEBT SECURITIES (NCDS)/ NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES (NCRPS) ('DEBT LISTED ENTITIES')
- OPERATIONAL CIRCULAR FOR LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS FOR NON-CONVERTIBLE SECURITIES, SECURITIZED DEBT INSTRUMENTS AND/ OR COMMERCIAL PAPER
- EXTENSION OF TIMELINE FOR IMPLEMENTATION OF STANDARDIZED INDUSTRY CLASSIFICATION BY CRAS
- INDIVIDUAL HOUSING LOANS – REVISED LIMITS UNDER FOUR-TIERED REGULATORY FRAMEWORK
- CENTRAL PAYMENTS FRAUD INFORMATION REGISTRY – MIGRATION OF REPORTING TO DAKSH
- FORMATION OF NEW DISTRICT IN THE STATE OF ASSAM – ASSIGNMENT OF LEAD BANK RESPONSIBILITY
- SOVEREIGN GOLD BOND (SGB) SCHEME 2022-23
- RESERVE BANK OF INDIA (FINANCIAL STATEMENTS - PRESENTATION AND DISCLOSURES) DIRECTIONS, 2021 - DISCLOSURE OF MATERIAL ITEMS
- DATA FORMAT FOR FURNISHING OF CREDIT INFORMATION TO CREDIT INFORMATION COMPANIES AND OTHER REGULATORY MEASURES
- MASTER DIRECTION – FOREIGN EXCHANGE MANAGEMENT (HEDGING OF COMMODITY PRICE RISK AND FREIGHT RISK IN OVERSEAS MARKETS) DIRECTIONS, 2022
- HEDGING OF GOLD PRICE RISK IN OVERSEAS MARKETS
- REVIEW OF SLR HOLDINGS IN HTM CATEGORY
- STANDING LIQUIDITY FACILITY FOR PRIMARY DEALERS
- CHANGE IN BANK RATE
- LIQUIDITY ADJUSTMENT FACILITY- CHANGE IN RATES
- REVISED REGULATORY FRAMEWORK FOR URBAN CO-OPERATIVE BANKS (UCBS) – NET WORTH AND CAPITAL ADEQUACY
- OPERATIONS OF SUBSIDIARIES AND BRANCHES OF INDIAN BANKS AND ALL INDIA FINANCIAL INSTITUTIONS (AIFIS) IN FOREIGN JURISDICTIONS AND IN INTERNATIONAL FINANCIAL SERVICES CENTERS (IFSCS) - COMPLIANCE WITH STATUTORY/REGULATORY NORMS
- REVISED REGULATORY FRAMEWORK - CATEGORIZATION OF URBAN CO-OPERATIVE BANKS (UCBS) FOR REGULATORY PURPOSES
- REVIEW OF NORMS FOR CLASSIFICATION OF URBAN CO-OPERATIVE BANKS (UCBS) AS FINANCIALLY SOUND AND WELL MANAGED (FSWM)
- NOTIFICATION OF SIGNIFICANT BENCHMARK



## Corporate Laws

### 01 Clarification of holding of Annual General Meeting (AGM) through Video Conference (VC) or Other Audio Visual Means (OAVM)

[Issued by the Ministry of Corporate Affairs F. No. Policy-17/57/2021-CL-MCA dated 28.12.2022. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (1)]

In continuation to this Ministry's General Circular No. 20/2020 dated 05.05.2020 and General Circular No. 02/2022 dated 05.05.2022 and after due examination, it has been decided to allow the companies whose AGMs are due in the Year 2023, to conduct their AGMs on or before **30<sup>th</sup> September, 2023** in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular No. 20, /2020 dated 05.05.2020.

- It is clarified that this General Circular shall not be construed as conferring any extension of time for holding of AGMs by the companies under the Companies Act, 2013 (the Act) and the companies which have not adhered to the relevant timelines shall be liable to legal action under the appropriate provisions of the Act.
- This issues with the approval of the Competent Authority.

**KMS NARAYANAN**  
Deputy Director

### 02 Introduction of Investor Risk Reduction Access (IRRA) platform in case of disruption of trading services provided by the Trading Member (TM)

[Issued by the Securities and Exchange Board of India vide SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/177 dated 30.12.2022]

- In recent times, with increasing dependence on technology in securities market, there is a rise in instances of glitches in trading members' systems, some of which lead to disruption of trading services and investor complaints. In such instances, investors with open positions are at risk of non-availability of avenues to close their positions, particularly if markets are volatile.
- To address the issue, SEBI had extensive consultations with stock exchanges, clearing corporations (CCs) and TMs. As the respective business continuity plans, if any, of the TMs, may not be able to prevent disruption in some cases like TM being unable to move to Disaster Recovery Site within stipulated time, cyber-attacks etc., it has been decided that a contingency service shall be provided by the stock exchanges in the event of such disruption.

- In this regard, the following has been decided:

#### Development of the service:

- A joint platform to provide Investor Risk Reduction Access (IRRA) service shall be developed by the exchanges to provide the investors an opportunity to square off/close the open positions and/or cancel pending orders in case of disruption of trading services provided by the Trading Member.
- The IRRA service shall support multiple segments across multiple exchanges.

#### Enablement of IRRA service:

- TMs, upon facing technical glitches which lead to disruption of trading services, can request for enablement of the IRRA service as per the procedures specified by the stock exchanges from time to time and IRRA shall be enabled on receipt of such requests.
- In addition, stock exchanges shall also monitor the parameters like connectivity, order flow, social media posts etc. and *suo moto* initiate the enablement of the service, if needed, irrespective of any such request by the TM.
- This service shall be enabled by the exchanges, *suo moto*, only in case of disruption of trading services of TM across all the exchanges, where the TM is member. In case of disruption of trading services of TM with one/some of the exchanges, where the TM is member, TM may request the enablement, in which case TM shall use the service for all the exchanges.

**ARADHANA VERMA**  
Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)

### 03 Clarification to SEBI circular dated August 04, 2022 on enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/176 dated 19.12.2022]

- This has reference to circular no. SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/106 dated August 04, 2022 on "Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence".
- Representations have been received from Depositories and market participants seeking clarifications with respect to para A.3 and para A.4.6 of the aforementioned circular, on whether a new ISIN is to be allocated pursuant to:
  - a change in underlying security;
  - creation of additional security; or
  - creation of security in case of unsecured debt securities.

3. It is clarified that, none of the above cases would constitute a change in the structure of the non-convertible debt securities, provided there are no other changes to the terms/nature of issue of the non-convertible debt securities like maturity date, coupon rate, face value, redemption schedule, nature of the non-convertible debt securities (secured/unsecured) etc. Accordingly, Depository shall not assign a new ISIN in such cases. However, where there is a change in the underlying security, the debenture trustee shall ensure compliance with the provisions of Regulation 15(1)(i) of SEBI (Debenture Trustees) Regulations, 1993.
4. This circular is issued in exercise of the powers conferred upon SEBI under Section 11 (1) of the SEBI Act, 1992 read with the provisions of Regulation 2A of the SEBI (Debenture Trustees) Regulations, 1993 and Regulation 55 of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Regulation 101(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.
5. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link “Legal→Circulars”.

**PRADEEP RAMAKRISHNAN**  
General Manager

## 04 **Applicability of SEBI circular on Principles of Financial Market Infrastructures (PFMIs) to AMC Repo Clearing Limited**

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/174 dated 16.12.2022]**

1. SEBI circular bearing reference no. CIR/MRD/DRMNP/26/2013 dated September 04, 2013 captioned ‘**Principles of Financial Market Infrastructures (PFMIs)**’ mandates Clearing Corporations and Depositories to comply with the Principles of Financial Market Infrastructures (PFMIs) published by the Committee on Payments and Settlement Systems and the International Organization of Securities Commissions.
2. SEBI notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2020 on October 08, 2020, to permit setting up of a Limited Purpose Clearing Corporation for clearing and settlement of repo transactions in debt securities. Further, AMC Repo Clearing Limited was granted recognition as a Clearing Corporation for the purpose of clearing and settling transactions in repo and reverse repo in the debt securities that are dealt with or traded on a recognised stock exchange, which was notified vide Gazette notification dated January 24, 2022.
3. Accordingly, the provisions of the aforementioned circular shall be applicable to AMC Repo Clearing Limited.
4. This circular shall come in force with immediate effect. This circular is being 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.

5. This circular is available on the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the link “Legal→Circulars”

**PRADEEP RAMAKRISHNAN**  
General Manager

## 05 **Framework for Orderly Winding Down of Critical Operations and Services of a Clearing Corporation**

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2022/173 dated 16.12.2022]**

- A. In order to enable the Clearing Corporations (CCs) to have a framework for orderly winding down of critical operations and services, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations, 2018) have been amended vide Gazette Notification No. SEBI/LAD-NRO/GN/2022/104 dated November 15, 2022.
- B. In this regard, it has been decided that the CCs shall have a policy framework for orderly winding down of their critical operations and services, which shall at least contain the following provisions:

### 1. Identification of Potential Scenarios

The scenarios which may potentially prevent a CC from being able to provide its critical operations and services as a going concern and may lead to wind down of its critical operations and services, shall be identified. Some of the reasons for winding down of CC can be:

- 1.1. **Voluntary:** The CC is solvent and is able to meet all its obligations towards Clearing Members (CMs) as well as other creditors; however, wishes to wind down its critical operations and services and exit as a strategic or business decision.
- 1.2. **Involuntary:** The winding down of critical operations and services on involuntary basis may be due to various factors including but not limited to the following:
  - 1.2.1. **Losses due to default by CM(s):** The default management resources maintained by the CC may get exhausted due to default by CM(s), and, consequently, the CC fails to fulfil its obligations towards CM(s) and/or its constituents.
  - 1.2.2. **Losses due to other factors:** There is no CM default and the settlements have been happening in a timely manner; however, the solvency of a CC may get adversely affected as a result of some large operational expenses, legal expenses, business or investment losses, etc. thereby rendering a CC unable in fulfilling its obligations to CM(s), its constituents and/ or other creditors.

**1.2.3.Regulatory Actions:** Directions to a CC to wind down its critical operations and services by SEBI or any other statutory authority under applicable laws. SEBI may direct a CC to wind down its critical operations and services including but not limited to the following scenarios:

- i. A CC shall be required to continuously meet the annual clearing turnover, aggregated across segments, including by way of interoperability, of at least INR 1,000 Cr. per annum or any other amount as may be specified by SEBI from time to time. In case the CC fails to meet the aforesaid requirement for two consecutive years, it shall be liable to exit and accordingly, apply for orderly winding down of its critical operations and services.

Provided that the above threshold condition shall not be applicable to a CC for a period of 5 years from the date of grant of recognition.

In case where the CC does not apply for voluntary winding down of critical operations and services, pursuant to breaching the minimum turnover threshold as mentioned above, SEBI may proceed with compulsory derecognition of such CC under applicable laws.

- ii. SEBI may also direct a CC to wind down its critical operations and services in case of non-compliance of either the conditions of grant of recognition or renewal, wherever applicable; or any other condition under the applicable laws.

**HRUDA RANJAN SAHOO**

Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)

## 06 Performance Benchmarking and Reporting of Performance by Portfolio Managers

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated 16.12.2022]**

1. SEBI, vide circulars SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020 and SEBI/HO/IMD/DF1/CIR/P/2021/02 dated January 8, 2021, specified various modalities related to Portfolio Managers including, *inter-alia*, reporting of performance/periodic reporting by Portfolio Managers.
2. In order to help investors in assessing the performance of a Portfolio Manager, the applicable requirements related to performance reporting and benchmarking by Portfolio Managers has been reviewed as under:

### Performance Benchmarking

- 2.1. An investment approach ('IA') is the documented investment philosophy to be adopted by the Portfolio

Managers while managing the client funds in order to achieve client's investment objectives. Now, in addition to IA, an additional layer of broadly defined investment themes called "Strategies" shall be adopted by Portfolio Managers. These broad Strategies shall be 'Equity', 'Debt', 'Hybrid' and 'Multi Asset'.

- 2.2. Each IA shall be tagged to one and only one Strategy from the Strategies as above. This tagging shall be at the discretion of the concerned Portfolio Manager. A Portfolio Manager may tag more than one IA to a Strategy, but each IA must be tagged to only one Strategy.
- 2.3. APMI shall prescribe a maximum of three benchmarks for each Strategy. These benchmarks shall reflect the core philosophy of the Strategy. While tagging an IA to a particular Strategy, the Portfolio Manager shall select one benchmark from those prescribed for that Strategy to enable the investor to evaluate relative performance of the Portfolio Managers.
- 2.4. The Board of the Portfolio Managers shall be responsible for ensuring appropriate selection of Strategy and benchmark for each IA.
- 2.5. Once an IA is tagged to a Strategy and/or to a benchmark, the tagging shall be changed only after offering an option to subscribers to the IA to exit without any exit load. The performance track record (of the specific IA whose tagging with Strategy/ benchmark was changed) prior to the change shall not be used by the Portfolio Manager for performance reporting. Further, the same shall be verified as part of annual audit under Regulation 30 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ('PM Regulations').
- 2.6. The changes in Strategy and/ or benchmark shall be recorded with proper justification and shall be verified as part of the annual audit under Regulation 30 of the PM Regulations.

**CHHAVI M. KAPOOR**

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)

## 07 Foreign investment in Alternative Investment Funds (AIFs)

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/AFD-1/PoD/P/CIR/2022/171 dated 09.12.2022]**

1. In terms of Regulation 10(a) of SEBI (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations'), AIFs may raise funds from any investor whether Indian, foreign or non-resident Indians, by way of issue of units.
2. In this regard, the following is specified:
  - 2.1. At the time of on-boarding investors, the manager of an AIF shall ensure the following:
    - (a) Foreign investor of the AIF is a resident of the country whose securities market regulator is a signatory to the

International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatory) or a signatory to the bilateral Memorandum of Understanding with SEBI.

For the purpose of the aforesaid clause, "Bilateral Memorandum of Understanding with SEBI" shall mean a bilateral Memorandum of Understanding between SEBI and any authority outside India that provides for information sharing arrangement as specified under clause (ib) of sub-section (2) of Section 11 of the Securities and Exchange Board of India Act, 1992.

AIFs may accept commitment from an investor being Government or Government related investor, who does not meet the aforesaid condition, if the investor is a resident in the country as may be approved by the Government of India.

- (b) The investor, or its underlying investors contributing twenty-five percent or more in the corpus of the investor or identified on the basis of control, is not the person(s) mentioned in the Sanctions List notified from time to time by the United Nations Security Council and is not a resident in the country identified in the public statement of Financial Action Task Force as –
- (i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
  - (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.

For the purpose of the aforesaid clause, "control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

- 2.2. In case an investor who has been on-boarded to scheme of an AIF, subsequently does not meet the conditions specified at clause 2.1 above, the manager of the AIF shall not drawdown any further capital contribution from such investor for making investment, until the investor again meets the said conditions. The same shall also apply to investors already on-boarded to existing schemes of AIFs, who do not meet conditions specified at clause 2.1 above.
3. This circular shall come into force with immediate effect.
4. This circular is issued with the approval of the competent authority.

5. 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.
6. The circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

**SANJAY SINGH BHATI**  
Deputy General Manager

## 08 Clarification - Scheme(s) of Arrangement by entities who have listed their Non-convertible Debt securities (NCDs)/ Non-convertible Redeemable Preference shares (NCRPS) ('debt listed entities')

**[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/170 dated 09.12.2022]**

1. This has reference to Circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/156 dated November 17, 2022 on "Scheme(s) of Arrangement by entities who have listed their Non-convertible Debt securities (NCDs)/ Non-convertible Redeemable Preference shares (NCRPS)"
2. In this regard, it is clarified that the provisions of the aforementioned circular shall not apply to a Scheme of Arrangement which solely provides for an arrangement between a debt listed entity and its unlisted wholly owned subsidiary. However, such debt listed entity shall file the draft Scheme of Arrangement with Stock Exchange(s) for the purpose of disclosure and the Stock Exchange(s) shall disseminate the scheme documents on their websites.
3. The Stock Exchanges are advised to bring the provisions of this circular to the notice of debt listed entities and also to disseminate the same on their websites.
4. Chapter XII of the LODR Operational Circular dated July 29, 2022 will accordingly stand modified.
5. The 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 101 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
6. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal→Circulars".

**PRADEEP RAMAKRISHNAN**  
General Manager

## 09

## Operational Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitised Debt Instruments and/ or Commercial Paper

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/000000103 dated 01.12.2022]

1. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), prescribes the continuous disclosure requirements for issuers of listed Non-convertible Securities, Securitised Debt Instruments and Commercial Paper. Multiple circulars have been issued, over the years, covering the operational and procedural aspects thereof.
2. For effective regulation of the corporate bond market and to enable the issuers and other market stakeholders to get access to all the applicable circulars at one place, this Operational Circular has been prepared.
3. This Operational Circular is a compilation of the relevant existing circulars, with consequent changes. The stipulations contained in these circulars have been detailed chapter-wise in this operational circular. For ease of reference, each chapter of this operational circular contains footnotes corresponding to the respective erstwhile circulars. Accordingly, the circulars listed at **Annex - 1** stand superseded by this Operational Circular<sup>2</sup>.
4. Additionally, format for submission of statement indicating the utilization of issue proceeds of listed Non-convertible Securities to the Stock Exchange(s), by the listed entities, as required under regulation 52(7) of the Listing Regulations, has been included in Chapter IV.
5. Further, Chapter XI has been included, containing format for review of rating obtained by the listed entity with respect to its non-convertible securities from Credit Rating Agency(ies) registered with SEBI, as required under regulation 55 and formats for submissions to be made by listed entity to the stock exchanges for interest/ dividend/ principal under regulations 57(1), 57(4) and 57(5) of the Listing Regulations.
6. While this circular covers instruments under the NCS Regulations, Chapter X contains provisions applicable to issue of Securitised Debt Instruments under the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008. This has been accordingly indicated in the chapter.
7. Recognized Stock Exchanges, Issuers and other stakeholders are directed to:
  - 7.1. comply with the conditions laid down in this circular;
  - 7.2. bring the provisions of this circular to the notice of listed entities/ issuers of listed Non-Convertible

Securities, Securitised debt instruments, and/ or Commercial Paper;

- 7.3. disseminate the provisions of the circular on their website;
- 7.4. put in place necessary systems and infrastructure for implementation of this circular;
- 7.5. monitor compliance with the provisions of the circular;
- 7.6. make consequential changes, if any, to their respective bye-laws; and
- 7.7. communicate and create awareness amongst the stakeholders.
8. This Circular is issued in exercise of powers conferred under:
  - 8.1. Section 11(1) and 11A(2) of Securities and Exchange Board of India Act, 1992;
  - 8.2. Sections 9 and 21 of Securities Contracts (Regulation) Act, 1956;
  - 8.3. Rule 19 (7) of Securities Contracts (Regulation) Rules, 1957;
  - 8.4. Regulation 101 of the Listing Regulations.
9. This circular shall come into force with effect from August 1, 2022.
10. This Circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category, Legal > Circulars.

**PRADEEP RAMAKRISHNAN**  
General Manager

*Complete details are not published here for want of space. For complete notification readers may log on to [www.sebi.gov.in](http://www.sebi.gov.in)*

## 10 Extension of timeline for implementation of Standardized industry classification by CRAs

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS-RACPOD2/P/CIR/2022/168 dated 01.12.2022]

1. SEBI vide Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2022/42 dated April 01, 2022 advised CRAs to implement standardized industry classification by September 30, 2022. The guidelines were subsequently revised vide Circular No. SEBI/HO/DDHS/DDHS-RACPOD2/P/CIR/2022/134 dated September 30, 2022 and timeline for implementation was extended till November 30, 2022.
2. Representation has been received from CRAs requesting for extension of the date of applicability of the standardized industry classification. In view of representation received from CRAs, it has been decided to extend the date of applicability of the standardized industry classification till December 15, 2022.

- This circular is issued with the approval of the competent authority.
- This circular is issued with the approval of competent authority, in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 20 of SEBI (Credit Rating Agencies) Regulations, 1999, to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

**DEENA VENU SARANGADHARAN**  
Deputy General Manager

## 11 Individual Housing loans – Revised limits under four-tiered regulatory framework

[Issued by the Reserve Bank of India vide RBI/2022-23/159 DOR.CRE. REC.92/07.10.002/2022-23 dated 30.12.2022]

Please refer to circular DOR.REG.No.84/07.01.000/2022-23 dated December 1, 2022, in terms of which UCBs have been categorised into four tiers for regulatory purposes.

- In terms of the circular DOR.CRE.REC.42/09.22.010/2022-23 dated June 8, 2022, ceilings on housing loans to individuals are prescribed as ₹60 lakh for Tier-I UCBs and ₹140 lakh for Tier-II UCBs. Consequent upon classification of UCBs into four tiers under the revised regulatory framework, it has been decided to specify the limits on housing loans sanctioned by UCBs to an individual borrower as ₹60 lakh for Tier-1 UCBs and ₹140 lakh for UCBs categorised in Tier-2 to 4. Other terms and conditions of the circular *ibid*, remain unchanged.
- The limits prescribed under this circular are effective from the date of this circular. However, existing housing loans sanctioned prior to the date of this circular, which may be in breach of the ceiling, will be allowed to run off till maturity.

**MANORANJAN MISHRA**  
Chief General Manager

## 12 Central Payments Fraud Information Registry – Migration of Reporting to DAKSH

[Issued by the Reserve Bank of India vide RBI/2022-23/158 CO.DPSS.OVRST. No.S1619/06-08-005/2022-2023 dated 26.12.2022]

As announced in the Monetary Policy Statement 2019-20 on August 07, 2019, the Reserve Bank of India (RBI) had operationalised the Central Payments Fraud Information Registry (CPFIR) in March 2020 with reporting of payment frauds by scheduled commercial banks and non-bank Prepaid Payment Instrument (PPI) issuers.

- To streamline reporting, enhance efficiency and automate the payments fraud management process, the fraud reporting module is being migrated to DAKSH – Reserve Bank's Advanced Supervisory Monitoring System. The migration will be effective from **January**

**01, 2023**, i.e., entities shall commence reporting of payment frauds in DAKSH from this date. In addition to the existing bulk upload facility to report payment frauds, DAKSH provides additional functionalities, viz. maker-checker facility, online screen-based reporting, option for requesting additional information, facility to issue alerts / advisories, generation of dashboards and reports, etc. The reporting guidelines are mentioned in the **Annex**.

- These directions are issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

**P. VASUDEVAN**  
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](http://www.rbi.org.in)

## 13 Formation of new district in the State of Assam – Assignment of Lead Bank Responsibility

[Issued by the Reserve Bank of India vide RBI/2022-23/157 FIDD.CO.LBS. BC.No.14/02.08.001/2022-23 dated 20.12.2022]

The Government of Assam vide Gazette Notification No.GAG(B) 491/2019/107 dated January 12, 2021 had notified formation of a new district in the state of Assam. It has been decided to assign the lead bank responsibility for the new district as under:

Sr No	Newly Created District	Erstwhile District	Sub-Division under newly created district	Lead Bank Responsibility assigned to	District Working Code allotted to new district
1	Bajali	Barpeta	Existing Bajali sub-division of the district of Barpeta	UCO Bank	010 (to be read as numeral zero, numeral one, alphabet O)

- Further, the District Working Code of the new district has also been allotted for the purpose of BSR reporting by banks.
- There is no change in the Lead Banks of the erstwhile district and of other districts in the state of Assam.

**SONALI SEN GUPTA**  
Chief General Manager

## 14 Sovereign Gold Bond (SGB) Scheme 2022-23

[Issued by the Reserve Bank of India vide RBI/2022-23/156 IDMD.CDD. No.S2581/14.04.050/2022-23 dated 16.12.2022]

Government of India, vide its Notification No F.No4.(6)-B (W&M)/2022 dated December 15, 2022, has announced Series III and IV of Sovereign Gold Bond Scheme 2022-23. Under the Scheme, there will be a distinct series (Series III and IV) for

every tranche. The terms and conditions of the issuance of the Bonds shall be as per the above notification.

## 2. Date of Issue

The bonds shall be issued as per the details given below:

S. No.	Tranche	Date of Subscription	Date of Issuance
1.	2022-23 Series III	December 19- December 23, 2022	December 27, 2022
2.	2022-23 Series IV	March 06 –March 10, 2023	March 14, 2023

## 3. Period of subscription

The Subscription of the Gold Bonds under this Scheme shall be open (Monday to Friday) on the dates specified above, provided that the Central Government may, with prior notice, close the Scheme at any time before the period specified above.

## 4. Application

Subscription for the Bonds may be made in the prescribed application form Form A or in any other form as near as thereto, stating clearly the grams (in units) of gold and the full name and address of the applicant. Every application must be accompanied by valid 'PAN details' issued by the Income Tax Department to the investor(s).

Designated Scheduled Commercial Banks, designated Post Offices, Stock Holding Corporation of India Ltd, Clearing Corporation of India Ltd and recognized stock exchanges, viz. National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd are the Receiving Offices which are authorized to receive applications for the Bonds either directly or through agents and render all services to the customers. The Receiving Office shall issue an acknowledgment receipt in Form B to the applicant.

- All online applications should be accompanied by email Id of the investor/s which should be uploaded on the Ekuber portal of Reserve Bank of India along with the subscription details.
- In addition to receipt of application, the Receiving Offices are also entrusted with the responsibility of providing service to the investors of the SGB and are required to be guided by the rules and regulations issued by Reserve Bank in this regard from time to time. With a view to facilitate availability of all current operative instructions regarding servicing of these bonds at one place, Reserve Bank has issued Consolidated Procedural Guidelines vide circular IDMD.CDD.1100/14.04.050/2021-22 dated October 22, 2021 (updated as on October 04, 2022) and the same is available on RBI website. The Receiving Offices shall be guided by these instructions while dealing with all the procedural aspects and providing service to the investors.

- All other terms and conditions specified in the notification of the Government of India, Ministry of Finance (Department of Economic Affairs) F.No.4(2)-W&M/2018 dated March 27, 2018 shall apply to the Bonds.

**RAKSHA MISHRA**

General Manager

# 15 Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 - Disclosure of material items

**[Issued by the Reserve Bank of India vide RBI/2022-23/155 DOR.ACC.REC. No.91/21.04.018/2022-23 dated 13.12.2022]**

Please refer to the notes and instructions for compilation of Balance Sheet and Profit and Loss Account, for commercial banks, as specified in Annexure II to the Reserve Bank of India (Financial Statements-Presentation and Disclosures) Directions, 2021 (hereinafter referred to as "Directions").

- In terms of Part A of Annexure II to the Directions, in case any item under the subhead "Miscellaneous Income" under the head "Schedule 14-Other Income" exceeds one per cent of total income, particulars shall be given in the notes to accounts. Similar instructions exist in case of subhead "Other expenditure" under the head "Schedule 16-Operating Expenses".
- In order to ensure greater transparency, it has been decided that banks shall also disclose the particulars of all such items in the notes to accounts wherever any item under the Schedule 5(IV)-Other Liabilities and Provisions-"Others (including provisions)" or Schedule 11(VI)-Other Assets-"Others" exceeds one per cent of the total assets.
- Further, Payments Banks shall also disclose particulars of all such items in the notes to accounts, wherever any item under the Schedule 14(I)-Other Income-"Commission, Exchange and Brokerage" exceeds one per cent of the total income.
- We also invite attention to Clause 6 of the Chapter IV of the Directions *ibid*, in terms of which more comprehensive disclosures than the minimum required are encouraged, especially if such disclosures significantly aid in the understanding of the financial position and performance of banks. **Applicability**
- These instructions are applicable to all commercial banks. These instructions shall come into effect for disclosures in the notes to the annual financial statements for the year ending March 31, 2023 and onwards.
- The Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 shall stand updated to reflect these changes.

**USHA JANAKIRAMAN**

Chief General Manager

## 16 Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures

**[Issued by the Reserve Bank of India vide RBI/2022-23/154 DoR.FIN. REC.90/20.16.056/2022-23 dated 13.12.2022]**

Please refer to the circular DBOD.No.CID.BC.127/20.16.056/2013-14 dated June 27, 2014, *inter alia* setting out a Uniform Credit Reporting Format for reporting credit information to the Credit Information Companies (CICs).

- It is clarified that cases admitted with National Company Law Tribunal (NCLT)/National Company Law Appellate Tribunal (NCLAT) under the Insolvency and Bankruptcy Code, 2016 are also required to be reported under the suit-filed cases in reporting to the CICs.
- Credit Institutions (CIs) shall ensure implementation of this circular latest by February 28, 2023.

**J.P. SHARMA**  
Chief General Manager

## 17 Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022

**[Issued by the Reserve Bank of India vide RBI/2022-2023/94 A. P. (DIR Series) Circular No. 20 dated 12.12.2022]**

Attention of Authorised Dealer Category - I (AD Cat-I) banks is invited to Regulation 6 and 6A of the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA. 25/RB-2000 dated May 3, 2000), as amended from time to time, issued under clause (h) of sub-section (2) of Section 47 of Foreign Exchange Management Act, 1999 (Act 42 of 1999) as amended from time to time.

- Within the contours of the Regulations, the Reserve Bank issues directions to Authorised Persons under Section 11 of the Foreign Exchange Management Act, 1999 (Act 42 of 1999).

These Directions lay down the modalities for the AD Cat-I banks for facilitating hedging of commodity price risk and freight risk in overseas markets by their customers / constituents.

- The Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022 are enclosed herewith. AD Cat-I banks may bring the contents of these Directions to the notice of their customers / constituents concerned.
- The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange

Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

**DIMPLE BHANDIA**  
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](http://www.rbi.org.in)*

## 18 Hedging of Gold Price Risk in Overseas Markets

**[Issued by the Reserve Bank of India vide RBI/2022-23/151 A. P. (DIR Series) Circular No. 19 dated 12.12.2022]**

Please refer to Paragraph 4 of the Statement on Developmental and Regulatory Policies announced as a part of the Bi-monthly Monetary Policy Statement for 2022-23 dated December 07, 2022 regarding hedging of price risk of gold in overseas markets. Attention is also invited to the Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions, 2018 dated March 12, 2018, as amended from time to time.

- Resident entities in India are currently not permitted to hedge their exposure to price risk of gold in overseas markets. On a review, it has been decided to permit eligible entities to hedge their exposure to price risk of gold on exchanges in the International Financial Services Centre (IFSC) recognised by the International Financial Services Centres Authority (IFSCA).
- The Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022 (A. P. (DIR Series) Circular No. 21 dated December 12, 2022) have been issued today and are enclosed herewith.
- The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

**DIMPLE BHANDIA**  
Chief General Manager

## 19 Review of SLR holdings in HTM category

**[Issued by the Reserve Bank of India vide RBI/2022-23/150 DOR.MRG. REC.89/21.04.141/2022-23 dated 08.12.2022]**

Please refer to paragraph 1 of Statement on Development and Regulatory Policies of the Monetary Policy Statement, 2022-23 dated December 7, 2022 and Section 6(iv)(a) of Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 dated August 25, 2021.

- At present, banks have been granted a special dispensation of enhanced Held to Maturity (HTM) limit of 23 per cent

of Net Demand and Time Liabilities (NDTL), for Statutory Liquidity Ratio (SLR) eligible securities acquired between September 1, 2020 and March 31, 2023, until March 31, 2023.

3. On a review, it has been decided to further extend the dispensation of enhanced HTM limit of 23 per cent of NDTL upto March 31, 2024 and allow banks to include securities acquired between September 1, 2020 and March 31, 2024 under the enhanced limit of 23 per cent.
4. The enhanced HTM limit of 23 per cent shall be restored to 19.5 percent in a phased manner, beginning from the quarter ending June 30, 2024, i.e., the excess SLR securities acquired by banks during the period September 1, 2020 to March 31, 2024 shall be progressively reduced such that the total SLR securities held in the HTM category as a percentage of the NDTL do not exceed:
  - a) 22.00 per cent as on June 30, 2024
  - b) 21.00 per cent as on September 30, 2024
  - c) 20.00 per cent as on December 31, 2024
  - d) 19.50 per cent as on March 31, 2025

All other instructions shall remain unchanged.

5. The relevant sections of the Master Direction are being amended to reflect the aforementioned changes.

#### Applicability

6. This circular is applicable to all Commercial Banks.
7. These instructions shall come into force with immediate effect.

**USHA JANAKIRAMAN**  
Chief General Manager

## 20 Standing Liquidity Facility for Primary Dealers

**[Issued by the Reserve Bank of India vide RBI/2022-23/149 REE No.MPD. BC.396/07.01.279/2022-23 dated 07.12.2022]**

As announced in the Monetary Policy Statement 2022-23 today, it has been decided by the Monetary Policy Committee (MPC) to increase the policy repo rate under the Liquidity Adjustment Facility (LAF) by 35 basis points from 5.90 per cent to 6.25 per cent with immediate effect.

2. Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate of 6.25 per cent with immediate effect.

**MUNEESH KAPUR**  
Adviser-in-Charge

## 21 Change in Bank Rate

**[Issued by the Reserve Bank of India vide RBI/2022-23/148 DOR.RET. REC.88/12.01.001/2022-23 dated 07.12.2022]**

Please refer to our circular DOR.RET. REC.70/12.01.001/2022-23 dated September 30, 2022 on the captioned subject.

2. As announced in the Monetary Policy Statement 2022-23 dated December 07, 2022, the Bank Rate is revised upwards by 35 basis points from 6.15 per cent to 6.50 per cent with immediate effect.
3. All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, also stand revised as indicated in the Annex.

#### Applicability

4. This circular is applicable to all the banks.

**SUNIL T. S. NAIR**  
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](http://www.rbi.org.in)*

## 22 Liquidity Adjustment Facility- Change in rates

**[Issued by the Reserve Bank of India vide RBI/2022-23/147 FMOD.MAOG. No.148/01.01.001/2022-23 dated 07.12.2022]**

As announced in the Monetary Policy Statement dated December 07, 2022, it has been decided by the Monetary Policy Committee (MPC) to increase the policy repo rate under the Liquidity Adjustment Facility (LAF) by 35 basis points from 5.90 per cent to **6.25 per cent** with immediate effect.

2. Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted to 6.00 per cent and 6.50 per cent respectively, with immediate effect.
3. All other terms and conditions of the extant LAF Scheme will remain unchanged.

**G. SESHAYEE**  
Chief General Manager

## 23 Revised Regulatory Framework for Urban Co-operative Banks (UCBs) – Net Worth and Capital Adequacy

**[Issued by the Reserve Bank of India vide RBI/2022-23/146 DOR.CAPREC. No.86/ 09.18.201/2022-23 dated 01.12.2022]**

Please refer to the Revised Regulatory Framework for Urban Co-operative Banks (UCBs) emanating from the recommendations of Expert Committee on Urban Co-operative Banks (Press Release: 2022-2023/561

dated July 19, 2022) and circular no. DOR. REG. No.84/07.01.000/2022-23 dated December 1, 2022, on Revised Regulatory Framework - Categorization of Urban Co-operative Banks (UCBs) for Regulatory Purposes. The detailed guidelines with respect to net worth and capital adequacy are provided below:

### Net Worth

2. UCBs shall have minimum net worth as under:

- Tier 1 UCBs operating in a single district shall have minimum net worth of ₹2 crore.
- All other UCBs (of all tiers) shall have minimum net worth of ₹5 crore.
- UCBs which currently do not meet the minimum net worth requirement, as above, shall achieve the minimum net worth of ₹2 crore or ₹5 crore (as applicable) in a phased manner. Such UCBs shall achieve at least 50 per cent of the applicable minimum net worth on or before March 31, 2026 and the entire stipulated minimum net worth on or before March 31, 2028.

The computation of “Net worth”, for the purpose of these guidelines, is provided in **Annex**.

### Minimum capital to risk weighted assets ratio (CRAR) requirement

3. UCBs shall maintain minimum CRAR as under:

- Tier 1 UCBs shall maintain, as hitherto, a minimum CRAR of 9 per cent of Risk Weighted Assets (RWAs) on an ongoing basis.
- Tier 2 to 4 UCBs shall maintain a minimum CRAR of 12 per cent of RWAs on an ongoing basis.
- UCBs in Tier 2 to 4, which do not currently meet the revised CRAR of 12 per cent of RWAs, shall achieve the same in a phased manner. Such UCBs shall achieve the CRAR of at least 10 per cent by March 31, 2024, 11 per cent by March 31, 2025, and 12 per cent by March 31, 2026.

4. The computation of CRAR will continue to be as stipulated in para 3 of the Master Circular DOR. CAP.REC.2/09.18.201/2022-23 dated April 1, 2022 on Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs), as amended from time to time.

### Revaluation Reserves

5. Revaluation reserves, arising out of change in the carrying amount of a bank's property consequent upon its revaluation, may henceforth be reckoned as Tier 1 capital at a discount of 55 per cent, subject to meeting the following conditions:

- the bank is able to sell the property readily at its own will and there is no legal impediment in selling the property;
- the revaluation reserves are presented/disclosed separately under “Reserve Fund and Other Reserves” in the Balance Sheet;
- revaluations are realistic, in accordance with applicable accounting standards.
- valuations are obtained, from two independent valuers, at least once in every three years;
- where the value of the property has been substantially impaired by any event, these are to be immediately revalued and appropriately factored into capital adequacy computations;
- the external auditor(s) of the bank have not expressed a qualified opinion on the revaluation of the property;
- the instructions on valuation of properties and other specific requirements as mentioned in Annex 1 (Guidelines on Valuation of Properties – Empanelment of Valuers) to the Master Circular DOR.CRE.REC. No.17/13.05.000/2022-23 dated April 8, 2022 on Management of Advances – UCBs, as amended from time to time, are strictly adhered to.

6. Revaluation reserves which do not qualify as Tier 1 capital shall also not qualify as Tier 2 capital. The bank may choose to reckon revaluation reserves in Tier 1 capital or Tier 2 capital at its discretion, subject to fulfilment of all the conditions specified at para 5 above.

### Applicability

7. This circular is applicable to all Primary (Urban) Co-operative Banks. The instructions come into effect from April 1, 2023.

**USHA JANAKIRAMAN**  
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](http://www.rbi.org.in)*

## 24 Operations of subsidiaries and branches of Indian banks and All India Financial Institutions (AIFIs) in foreign jurisdictions and in International Financial Services Centers (IFSCs) - Compliance with statutory/regulatory norms

**[Issued by the Reserve Bank of India vide RBI/2022-23/145 DOR.MRG. REC.87/00-00-020/2022-23 dated 01.12.2022]**

As you are aware, Reserve Bank had vide circular DBOD. No.BP.BC.89 /21.04.141/2008-09 dated December 1, 2008 and circular DBOD.No.BP.BC.111/21.04.157/2013-14 dated May 12, 2014 issued instructions to Indian banks and AIFIs

on the issue of dealing in financial products by their branches/ subsidiaries operating outside India. On a review, it was felt that a framework needs to be in place to allow them to undertake activities which are not specifically permitted in the Indian domestic market and also to specify the applicability of these instructions to International Financial Services Centers (IFSCs) in India including Gujarat International Finance Tec-City (GIFT City).

### 1. Applicability and commencement

- (1) These directions are applicable to all banks regulated by the Reserve Bank (excluding co-operative banks, Regional Rural Banks and Local Area Banks) and All India Financial Institutions (AIFIs).
- (2) They shall come into force with immediate effect.

### 2. Dealing in financial products

- (1) The foreign branches/foreign subsidiaries of Indian banks/AIFIs can deal in financial products, including structured financial products, which are not available or are not permitted by the Reserve Bank in the domestic market without prior approval of Reserve Bank, subject to compliance with conditions specified in paragraph 3 of these directions and those prescribed by the host regulator.
- (2) The branches/subsidiaries of Indian banks/AIFIs operating in IFSCs including those operating out of GIFT City may also deal in financial products, including structured financial products, which are not available or are not permitted by the Reserve Bank in the domestic market subject to compliance with all applicable laws/regulations and conditions stipulated in paragraph 3 below and those prescribed by the host regulator.

### 3. Conditions for dealing in financial products

While allowing branches/ subsidiaries in foreign jurisdictions as well as in IFSCs to deal in such products, the parent Indian bank/AIFI shall ensure that:

- a) dealing in such products is done with the prior approval from their Board and, if required, the appropriate authority in the concerned jurisdictions.
- b) they have adequate knowledge, understanding, and risk management capability for handling such products.
- c) they act as market makers for products only if they have the ability to price/value such products and the pricing of such products is demonstrable at all times.
- d) their exposure and mark-to-market (MTM) on these products are appropriately captured and reported in the returns furnished to the Reserve Bank. They shall provide information about dealing in such financial products as may be specified by the Reserve Bank in the manner and format and within the time frame as prescribed by the Reserve Bank.

- e) they do not deal in products linked to Indian Rupee unless specifically permitted by Reserve Bank.
- f) they do not accept structured deposits from any Indian resident; and
- g) they adhere to the suitability and appropriateness policies as mandated by the Reserve Bank and the host regulators, as applicable.

### 4. Compliance with prudential norms

- (1) The financial products dealt with by the foreign branches and subsidiaries as well as IFSCs shall attract the prudential norms such as capital adequacy, exposure norms (including Large Exposure Framework), periodical valuation, and all other applicable norms. Parent bank shall adhere to more stringent among the host and home regulations in respect of prudential norms.
- (2) In case the current norms of the Reserve Bank do not specify prudential treatment of any financial product, the parent bank/AIFI shall seek specific guidance from Reserve Bank.

### 5. Activities subject to Indian laws

The activities of branches/subsidiaries in foreign jurisdictions and IFSCs shall be subject to the laws in India, unless specifically exempted by law.

### 6. Repeal of earlier instructions

With the issuance of these directions, the following circulars shall stand repealed:

- a) Circular DBOD.No.BP.BC.89 /21.04.141/2008-09 dated December 1, 2008; and
- b) Circular DBOD.No.BP.BC.111/21.04.157/2013-14 dated May 12, 2014.

**USHA JANAKIRAMAN**  
Chief General Manager

## 25 Revised Regulatory Framework - Categorization of Urban Co-operative Banks (UCBs) for Regulatory Purposes

**[Issued by the Reserve Bank of India vide RBI/2022-23/144 DOR.REG. No.84/07.01.000/2022-23 dated 01.12.2022]**

Given the heterogeneity in the cooperative sector, a tiered regulatory framework is required to balance the spirit of mutuality and co-operation more prevalent in banks of smaller sizes and those with limited area of operation vis-à-vis the growth ambitions of the large-sized UCBs to spread their area of operation and undertake more complex business activities.

2. The Reserve Bank of India had constituted the Expert Committee on Urban Co-operative Banks to examine the issues in urban cooperative banking sector and to review regulatory/ supervisory approach for strengthening the

sector. Based on the recommendations of the Expert Committee, RBI had released the Revised Regulatory Framework for Urban Co-operative Banks (UCBs) on July 19, 2022.

- Accordingly, it has been decided to adopt a four-tiered regulatory framework, as against the existing two-tiered framework, for categorization of UCBs. Going forward, this categorization may be used for differentiated regulatory prescriptions aimed at strengthening the financial soundness of the UCBs.
- The categorization of UCBs, based on their deposit size, is enclosed in Annex.

### Commencement

- The instructions shall be applicable with immediate effect.

### Applicability

- This circular is applicable to all Primary (Urban) Co-operative Banks.

**PRAKASH BALIARSINGH**  
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](http://www.rbi.org.in)*

## 26 Review of norms for classification of Urban Co-operative Banks (UCBs) as Financially Sound and Well Managed (FSWM)

**[Issued by the Reserve Bank of India vide RBI/2022-23/143 DOR.REG. No.85/07.01.000/2022-23 dated 01.12.2022]**

In order to ensure a financially sound and stable co-operative sector, select UCBs are termed as Financially Sound and Well Managed (FSWM) subject to fulfillment of certain parameters. In this context, a reference is made to our circular DCBR.CO.LS (PCB) Cir.No.4/07.01.000/2014-15 dated January 28, 2015 on "Review of norms for classification of Urban Co-operative Banks (UCBs) as Financially Sound and Well Managed (FSWM)" for criteria prescribed for considering the UCBs as FSWM.

- It has been decided to revise the criteria for UCBs to be classified as FSWM. The revised criteria in view of Revised Regulatory Framework for Urban Co-operative Banks (UCBs) released by RBI on July 19, 2022 based on the recommendation of the Expert Committee on Primary (Urban) Co-operative Banks are given in the **Annex**.
- Further, the UCBs are now permitted to classify themselves as FSWM based on this revised FSWM criteria.

### Commencement

- The revised instructions shall be applicable with immediate effect.

### Applicability

- This circular is applicable to all Primary (Urban) Co-operative Banks.

**PRAKASH BALIARSINGH**  
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](http://www.rbi.org.in)*

## 27 Notification of Significant Benchmark

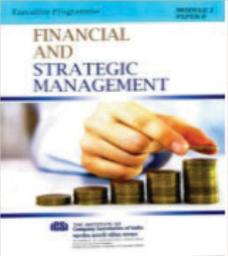
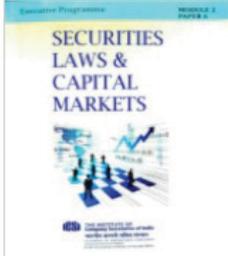
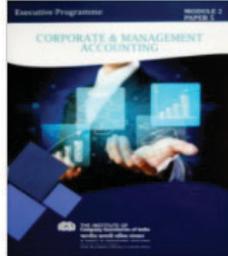
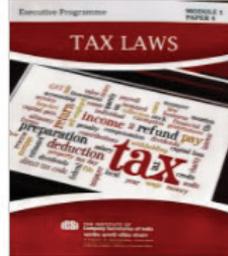
**[Issued by the Reserve Bank of India vide RBI/2022-23/142 FMRD. FMSD.06/03.07.25/2022-23 dated 01.12.2022]**

Please refer to the Financial Benchmark Administrators (Reserve Bank) Directions, 2019 (hereinafter referred to as 'the Directions'), dated June 26, 2019 and RBI circular dated January 01, 2020, notifying six financial benchmarks administered by Financial Benchmarks India Pvt. Ltd. (FBIL) as 'significant benchmark'.

- In terms of paragraph 3(i) of the Directions, the Reserve Bank hereby notifies Modified Mumbai Interbank Forward Outright Rate (MMIFOR) administered by Financial Benchmarks India Pvt. Ltd. (FBIL) as a 'significant benchmark'.
- The updated list of 'significant benchmarks' administered by FBIL is given below:
  - Overnight Mumbai Interbank Outright Rate (MIBOR)
  - Mumbai Interbank Forward Outright Rate (MIFOR)
  - USD/INR Reference Rate
  - Treasury Bill Rates
  - Valuation of Government Securities
  - Valuation of State Development Loans (SDL)
  - Modified Mumbai Interbank Forward Outright Rate (MMIFOR)
- Further, in terms of paragraph 3(ii) of the Directions, the person administering the 'significant benchmark' shall make an application to the Reserve Bank within a period of three months from the date of this notification for authorization to continue administering MMIFOR.
- The MIFOR, administered by FBIL, shall continue to remain a 'significant benchmark' till further notice.
- This notification has been issued by the Reserve Bank as required under the Financial Benchmark Administrators (Reserve Bank) Directions, 2019, dated June 26, 2019.

**DIMPLE BHANDIA**  
Chief General Manager

e-Cart

 <p><b>Financial And Strategic Management 2022</b> Author: ICSI Publication: ICSI Price: Rs.200</p> <p>Add To Cart Preface</p>	 <p><b>Economic, Business And Commercial Laws 2022</b> Author: ICSI Publication: ICSI Price: Rs.200</p> <p>Add To Cart Preface</p>	 <p><b>Securities Laws And Capital Markets 2022</b> Author: ICSI Publication: ICSI Price: Rs.200</p> <p>Add To Cart Preface</p>	 <p><b>Corporate And Management Accounting 2022</b> Author: ICSI Publication: ICSI Price: Rs.200</p> <p>Add To Cart Preface</p>	 <p><b>TAX LAWS 2022</b> Author: ICSI Publication: ICSI Price: Rs.200</p> <p>Add To Cart Preface</p>
---	---	--	---	---

You can order for Hard copy of the ICSI Publications at e-cart:

<https://smash.icsi.edu/Scripts/ECart/Default/ECartSearchOnlineBooks.aspx>

Also, available on Amazon website- <https://www.amazon.in/>



## ANNOUNCEMENT

### QUALITY REVIEW BOARD OF ICSI INVITES APPLICATIONS FOR EMPANELMENT OF “QUALITY REVIEWERS”

The Quality review Board (Board) of ICSI has been constituted by the Ministry of Corporate Affairs to make recommendations to the Council with regard to the quality of services provided by the members of the Institute; to review the quality of services provided by the members of the Institute including secretarial services; and to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.

With a view to carry out the above mentioned functions, the Board contemplates to avail the services of senior members of the profession as Quality Reviewers to assess the quality of services being rendered by Company Secretaries both in practice and in employment.

#### Revised Eligibility criterion for Quality Reviewers-

A Quality Reviewer shall fulfil the criteria mentioned in para I or para II:-

- I. An individual desiring to be empanelled:
  - a) Be a Fellow member of ICSI; and

- b) Possess at least fifteen years of post-membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company; and
- c) Be currently in practice of the profession of company secretaries.”

#### II. An individual desiring to be empanelled

- a) Be empanelled Peer Reviewers and has completed minimum 5 assignments of Peer Review

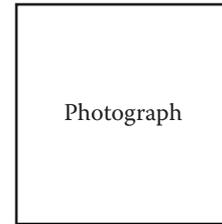
The Board assigns review of Quality of services rendered by the members to Quality Reviewers.

For payment terms and other details please refer to Terms of Reference for Quality Reviewers available at <https://www.icsi.edu/qrboard/home/>

Interested persons may kindly apply in the enclosed format and send it through e-mail to [qrb@icsi.edu](mailto:qrb@icsi.edu)

**PROFORMA FOR INCLUSION OF NAME IN THE PANEL OF “QUALITY REVIEWERS” CONSTITUTED UNDER THE AEGIS OF “QUALITY REVIEW BOARD”**

To,  
 Quality Review Board  
 The Institute of Company Secretaries of India  
 ICSI House  
 22, Institutional Area, Lodi Road  
 New Delhi - 1100 003



1. Applicant's Name Mr/Ms/Dr. (in Capital Letter)

FIRST MIDDLE LAST

--

2. Father's/Husband's Name Mr. (in Capital Letter)

FIRST MIDDLE LAST

--

3. Date of Birth (DD MM YYYY)

--	--	--	--	--	--	--	--

4. Institute's Membership details:

Particulars	Membership Number	Month & Year of membership
ACS details		
FCS details		
COP details		

5. Contact details in CAPITAL letters

	Residential	Professional
Address		
City		
State		
PIN Code		
Phone No With STD Code:		
Mobile No.		
E-mail Address		

6. Details of academic, professional and Post Membership qualifications (Graduation onwards):

Examination Passed		University / Institution	Main subjects, if any
Name of Exam	Year		


7. Current Occupation (indicate major area(s) in which services rendered)

---



---



---

8. Work experience:

Do you possess minimum fifteen years of post-membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company;

(Yes/No)

9. Are you empanelled Peer Reviewers who has completed minimum 5 assignments of Peer Review. If yes, please share the below details: (Yes / No)

No)

a. Peer Reviewer Code: \_\_\_\_\_

b. Details of the Peer Review done:

Sl. no.	Name of the Practice Unit	Year of Review

Please add separate sheet, if required.

10. Details of Post Qualification Experience in Employment/Practice (if require, attach separate sheet)

Name of the Employer/s	Designation	Professional Experience		Work Assigned / Performed
		From	To	

11. Are you member of Council / Regional Council / Managing Committee of Chapter, if yes; please provide the details:

---



---

12. Other professional achievements, if any:

---



---



---



---

13. Whether any penal action under any law has been taken/pending against you during last 5 financial years and/or thereafter?  
(Yes/No)

If yes, please give details thereof:

---



---



---

14. Whether you have been charged for any criminal proceedings / cognizance of offence.  
If yes, please give details thereof: (Yes/No)

---



---



---

*I hereby declare that the information given above is true and correct to the best of my knowledge and belief and that nothing has been concealed therefrom.*

Place:

Date:

(Signature)

(Name \_\_\_\_\_)

**For Office Use Only:**

1. Whether complete information in the prescribed format is given:

a.	a Fellow member of ICSI	Yes	No
b.	Possess at least fifteen years of post- membership experience as Company Secretary in Practice or employment in the Secretarial Department of a Company or as a combination of practice and employment in the Secretarial Department of a Company	Yes	No
c.	Be currently in practice of the of profession company secretaries	Yes	No
d.	Empanelled Peer Reviewers who has completed minimum 5 assignment of Peer Review	Yes	No

2. Whether all other applicable points of the form have been filled:

Yes  No

If no, give details \_\_\_\_\_

---

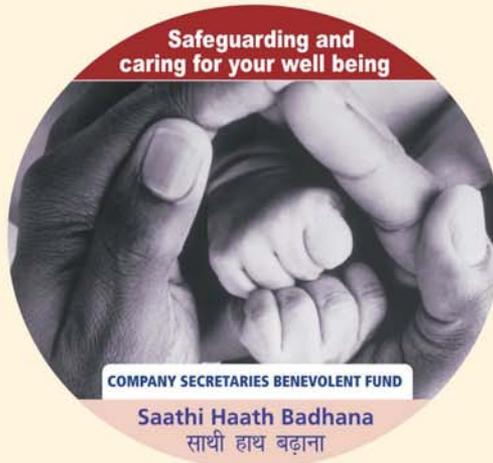
3. Whether applicant is to be considered for allotment of reviews:

Yes  No

Remarks \_\_\_\_\_

---

4. Reference No. allotted .....



## COMPANY SECRETARIES BENEVOLENT FUND

### Be a proud member of CSBF

The Company Secretaries Benevolent Fund (CSBF) provides safety net to the Company Secretaries who are members of the Fund and their family members in distress.

#### CSBF

- Registered under the Societies Registration Act, 1860 Recognised under Section 12A of the Income Tax Act, 1961
- Subscription/Contribution to the Fund qualifies for deduction under section 80G of the Income Tax Act, 1961
- Has a membership base of over 15000

**ELIGIBILITY :** A member of the Institute of Company Secretaries of India (ICSI) is eligible for the membership of the CSBF.

**HOW TO JOIN :** By making an online application using the link <https://stimulate.icsi.edu/> alongwith one time subscription of ₹10,000/-.

#### BENEFITS

- ₹10,00,000 in the event of death of a member under the age of 60 years
- Upto ₹3,00,000 in the event of death of a member above the age of 60 years
- Upto ₹50,000 per child on time (upto two children) for education of minor children of a deceased member upto the age of 60 years.
- Upto ₹75,000 for medical expenses in deserving cases
- Limited benefits for Company Secretaries who are not members of the CSBF

**DONATION :** The donation to CSBF can be made online at link [www.icsi.in/ICSIDonation](http://www.icsi.in/ICSIDonation)

**CONTACT :** For further information / clarification, please write at email id [csbf@icsi.edu](mailto:csbf@icsi.edu) or contact on telephone no. 0120-4522000

For more details please visit <https://www.icsi.edu/csbf/home/>



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

#### VISION

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

सत्यं वद। धर्मं चर।

#### ICSI Motto

इष्टक्रे केह लुगते. बनेवे हेु केह केव.

#### MISSION

"To develop high calibre professionals facilitating good corporate governance"

Connect with ICSI

[www.icsi.edu](http://www.icsi.edu) | [f](#) [t](#) [in](#) [v](#) [o](#) | Online Helpdesk : <http://support.icsi.edu>

# 6

## NEWS FROM THE INSTITUTE



- MEMBERS RESTORED DURING THE MONTH OF NOVEMBER 2022
- CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF NOVEMBER 2022
- ATTENTION MEMBERS
- UPLOADING OF PHOTOGRAPH AND SIGNATURE
- OBITUARIES
- CHANGE / UPDATION OF ADDRESS
- RESTORATION OF MEMBERSHIP
- RESTORATION OF CERTIFICATE OF PRACTICE
- LIST OF PRACTICE UNITS PEER REVIEWED / CERTIFICATE ISSUED DURING DECEMBER, 2022



## Institute News

### MEMBERS RESTORED DURING THE MONTH OF NOVEMBER 2022

SL. NO	NAME	MEMB NO	REGION
1	CS LOKESH KUMAR AGGARWAL	ACS - 11224	NIRC
2	CS SANJAY K. BHATT	ACS - 11253	WIRC
3	CS P.S. VAIDYANATHAN	ACS - 13223	NIRC
4	CS RAJNISH	ACS - 13377	NIRC
5	CS SHOVA KANT GIRI	ACS - 13598	NIRC
6	CS RACHNA KAUSHAL	ACS - 13646	NIRC
7	CS DILIP KUMAR JHA	ACS - 13977	NIRC
8	CS R ANUSHA	ACS - 16579	SIRC
9	CS ANIRBAN DEB RAY	ACS - 16685	WIRC
10	CS SWATI AGARWAL	ACS - 17614	WIRC
11	CS SUDHA RAVI SHANKAR	ACS - 19258	SIRC
12	CS VANDANA KOTHARI	ACS - 22030	SIRC
13	CS AMIT SAVARKAR	ACS - 23123	WIRC
14	CS CHANDRA PRAKASH BANSAL	ACS - 23435	WIRC
15	CS PRASHANT SAINI	ACS - 23769	WIRC
16	CS PRIYANKA SRIVASTAVA	ACS - 24320	NIRC
17	CS JAYESH PRAVINKUMAR GANATRA	ACS - 24733	WIRC
18	CS NAGARAJ M	ACS - 24786	NIRC
19	CS NANCY BANSAL	ACS - 25020	NIRC
20	CS RITESH KALRA	ACS - 27651	NIRC
21	CS AMIT KUMAR AGARWAL	ACS - 27673	EIRC
22	CS AAGVI CHINTAN BOTADRA	ACS - 27861	WIRC
23	CS SUNDEEP CHADHA	ACS - 2974	NIRC
24	CS BHAVEKA CHANDULAL RANPARIA	ACS - 29780	WIRC
25	CS SHILPI GUPTA	ACS - 30676	SIRC
26	CS ARUN VASHISTA	ACS - 32004	NIRC
27	CS POONAM JAJOO	ACS - 35809	SIRC
28	CS SANDIP SHARAD DADKAR	ACS - 37118	WIRC
29	CS PREKSHA JAIN	ACS - 39784	NIRC
30	CS NIDHI SHARMA	ACS - 42014	EIRC
31	CS MUKUL BHUPENDRA TRIVEDI	ACS - 4250	WIRC
32	CS MONIK MAYUR DAMANIA	ACS - 44322	WIRC
33	CS ARUN THAPAR	ACS - 44809	WIRC
34	CS SNEHA AGARWAL	ACS - 45611	EIRC
35	CS PRAVEEN KUMAR	ACS - 46741	WIRC

36	CS SASHI DEV DURGA	ACS - 48804	EIRC
37	CS SHREYA ANANT PRABHUDESAI	ACS - 48866	WIRC
38	CS ASHISH VYAS	ACS - 54318	EIRC
39	CS AKASH JAYANT DHARANKAR	ACS - 55328	WIRC
40	CS DIXITA VERMA	ACS - 55907	NIRC
41	CS RAMESH BABU KOLLIPARA	ACS - 55930	SIRC
42	CS NIHARIKA AGARWAL	ACS - 57646	EIRC
43	CS HEENA GUPTA	ACS - 57751	WIRC
44	CS SATISH KUMAR CHELLADURAI	ACS - 58892	WIRC
45	CS SAKSHI JAIN	ACS - 59979	NIRC
46	CS SALU AGARWAL	ACS - 60928	EIRC
47	CS KHUSHBOO CHOTIA	ACS - 61066	NIRC
48	CS RUCHIKA AGARWAL	ACS - 61634	EIRC
49	CS MIDHUN CHACKO	ACS - 63958	SIRC
50	CS SWETA AGARWAL	ACS - 64726	EIRC
51	CS HARJINDER SINGH	FCS - 1058	WIRC
52	CS DINESH KUMAR	FCS - 4887	NIRC
53	CS KUNJABIHARI PRADHAN	FCS - 6730	EIRC
54	CS NAVIN MURLI MAHESHWARI	FCS - 8897	WIRC
55	CS SHANU SAKSENA	FCS - 9733	NIRC

### CERTIFICATE OF PRACTICE SURRENDERED DURING THE MONTH OF NOVEMBER 2022

SL. NO	NAME	MEMB NO	COP No.	REGION
1	CS SHAILESH	ACS - 14277	7584	NIRC
2	CS AAKANSHA GUPTA	ACS - 63092	25200	NIRC
3	CS ABHISHEK PATHAK	ACS - 47517	17464	NIRC
4	CS AKILA B	ACS - 64076	25182	SIRC
5	CS AMAN RAI	ACS - 47985	18220	WIRC
6	CS AMIT KUMAR JHA	ACS - 65302	24811	NIRC
7	CS ANIKET ARUN KOKANE	ACS - 51571	18699	WIRC
8	CS ANKIT DIPAK SHAH	ACS - 38529	24371	WIRC
9	CS ANKITA JAIN	ACS - 22894	21186	WIRC
10	CS ARUSHI TYAGI	ACS - 67561	25496	NIRC
11	CS BABITA KAUR BAGGA	ACS - 33637	17117	NIRC
12	CS CHANDRA SEKHAR RAGHAVAPUDI	ACS - 47900	17841	SIRC
13	CS DIKSHA PANDEY	ACS - 60568	24388	WIRC
14	CS DINESH KUMAR KEJRIWAL	ACS - 19293	25408	SIRC
15	CS DWARKA PRASAD AGRAWAL	FCS - 5925	6010	NIRC
16	CS GEETIKA CHANDEL	ACS - 33545	20337	SIRC
17	CS GOPAL NAVIN TRIVEDI	ACS - 69529	25992	WIRC
18	CS GULSHAN NIGAM	ACS - 58611	25772	NIRC
19	CS HIMANSHU MAKKER	ACS - 58921	24421	NIRC

20	CS IYSHWARYA RAGUKUMAR	ACS - 34821	13230	SIRC
21	CS JYOTI ARORA	ACS - 42823	20241	NIRC
22	CS KETKI S PARIKH	ACS - 15993	19911	WIRC
23	CS KRISHNA CHAITANYA BHUMIPALLI	ACS - 67457	25198	SIRC
24	CS LAKSHMI TULASI MAKKENA	ACS - 17220	5580	SIRC
25	CS MANJULAGIRI GANAPATHI BHAT RAMESH KUMAR	ACS - 16426	24628	SIRC
26	CS NAYANA GOPAL	ACS - 62374	24660	SIRC
27	CS NAYNA AGARWAL	ACS - 67885	25267	EIRC
28	CS NILIMA KUMARI	ACS - 66577	26283	SIRC
29	CS POOJA NICHANI	ACS - 20092	11351	NIRC
30	CS POONAM KAMBOJ	ACS - 38544	22518	NIRC
31	CS PREETHI SUBBIAN	ACS - 66636	24870	SIRC
32	CS PRIYANKA OSTWAL	ACS - 62981	24008	WIRC

33	CS PRIYANKA SHARMA	ACS - 39509	15262	EIRC
34	CS RAVIKUMAR SURYANARAYANA VEMULAKONDA	FCS - 4568	24126	WIRC
35	CS RIYA POLAKAT GEORGE	ACS - 65924	25379	SIRC
36	CS ROSHNI SHYAMLAL NAVLANI	ACS - 60743	25314	WIRC
37	CS RUPAL AGRAWAL	ACS - 57576	22783	WIRC
38	CS SHANTANU PRAMOD JOG	FCS - 11293	12964	WIRC
39	CS SHIVANI SUJAY THAKUR	ACS - 57429	21677	WIRC
40	CS SONAKSHI CHAURASIA	ACS - 58636	22578	NIRC
41	CS SRUTI DAGA	FCS - 9737	8919	SIRC
42	CS SUMEET KUMAR	ACS - 35071	13518	EIRC
43	CS SUSHMA SHRIPAD VORE	ACS - 50428	24776	SIRC
44	CS VIRENDRA KUMAR SAINI	ACS - 44142	17675	NIRC
45	CS YOGAN INDHUMATHI	ACS - 6 6520	25467	SIRC

### ATTENTION!

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>



### ATTENTION MEMBERS

The CD containing List of Members of ICSI as on 1st April, 2022 is available in the Institute on payment of Rs.295/-\* for members and Rs.590/-\* for non-members (\*including GST@18%). Request along with payment by way of cheque at par or demand draft payable at New Delhi favouring "The Institute of Company Secretaries of India" may please be sent to Joint Secretary, Directorate of Membership, ICSI House, C-36, Sector-62, Noida - 201309. For queries if any, please write to [member@icsi.edu](mailto:member@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](http://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 More option
- Upload/update the photo and signature as required
- Press Save button

### OBITUARIES

Chartered Secretary deeply regrets to record the sad demise of the following members:

CS N P Ramdoss (06.06.1947 – 18.10.2022), an Associate Member of the Institute from Madurai.

CS Sushant Shashank Sathe (30.01.1987 – 17.08.2022), a Fellow Member of the Institute from Pune.

CS Manish Ranjan (12.12.1972 – 18.11.2022), 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](http://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)

The steps for online change of address are as under:

1. Go to [www.icsi.edu](http://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 More 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>*

## RESTORATION OF MEMBERSHIP

The members who have not paid the Annual Membership Fee by the due date i.e. 31-07-2022 can now restore their membership by making the payment of the annual membership fee for the year 2022-2023 including GST@18% (Associates admitted on or after 1-4-2021 – Rs. 1770/-, Associates admitted till 31-03-2021 – Rs. 2950/- and Fellow – Rs. 3540/-) with the entrance fee of Rs. 2360/- and restoration fee of Rs. 295/- .

Particulars	Associate (admitted till 31.03.2021)	Associate (admitted on or after 01.04.2021)	Fellow
Annual Membership fee*	Rs. 2950	Rs. 1770	Rs. 3540
Entrance fee*	Rs. 2360	Rs. 2360	Rs. 2360
Restoration fee*	Rs. 295	Rs. 295	Rs. 295

\* Fee inclusive of applicable GST@18%.

### MODE OF REMITTANCE OF FEE

The fee can be remitted through ONLINE mode only using the payment gateway of the Institute's website [www.icsi.edu](http://www.icsi.edu). Payment made through any other mode will not be accepted.

The steps for online restoration of membership

- Use ONLINE SERVICES tab on [www.icsi.edu](http://www.icsi.edu)
- Select Member Portal from dropdown
- Login using your membership number e.g. A1234/F1234
- Enter your password
- Select Track ACS /FCS Membership from dropdown menu ACS/FCS Membership
- Search your detail and select the radio button on visible record
- Click on Restoration Request tab
- Fill the detail and Proceed for Payment

For specific assistance raise a ticket at <http://support.icsi.edu>

## RESTORATION OF CERTIFICATE OF PRACTICE

The process of Restoration of Certificate of Practice is now enabled for the members who have not paid the COP fees by the due date i.e. 31-07-2022.

The certificate of practice fee and restoration fee payable is as follows:

Particulars	Admitted as associate member till 31.03.2021)	Admitted as associate member on or after 01.04.2021)	Fellow
Certificate of Practice fee*	Rs. 2360	Rs. 1770	Rs. 2360
Restoration fee**	Rs. 295	Rs. 295	Rs. 295

\* Fee inclusive of applicable GST@18%.

\*\* Fee inclusive of applicable GST@18% and applicable as certificate of practice fee is not received by 31st July, 2022

### MODE OF REMITTANCE OF FEE

The fee can be remitted through ONLINE mode only using the payment gateway of the Institute's website [www.icsi.edu](http://www.icsi.edu). Payment made through any other mode will not be accepted.

The steps for online COP restoration

- Use ONLINE SERVICES tab on [www.icsi.edu](http://www.icsi.edu)
- Select Member Portal from dropdown
- Login using your membership number e.g. A1234/F1234
- Enter your password
- Select the Track COP option in the COP menu
- Select the request type "Restoration" and search
- Click on the radio button and select Restoration Request option
- Check the details and pay the fee.

For specific assistance raise a ticket at <http://support.icsi.edu>

### Documents downloadable from the DigiLocker Platform

The National Digital Locker System, launched by Govt. of India, is a secure cloud based platform for storage, sharing and verification of documents and certificates. In the wake of digitization and in an attempt to issue documents to all the members in a standard format and make them electronically available on real-time basis, the Institute of Company Secretaries of India had connected itself with the DigiLocker platform of the Government of India. The initiative was launched on 5th October, 2019 in the presence of the Hon'ble President of India.

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.



#### How to Access:

- Go to <https://digilocker.gov.in> and click on Sign Up
- You may download the DigiLocker mobile app from mobile store (Android/iOS)

#### How to Login:

- Signing up for DigiLocker with your mobile number.
- Your mobile number is authenticated by an OTP (one-time password).
- Select a username & password. This will create your DigiLocker account.
- After your DigiLocker account is successfully created, you can voluntarily provide your Aadhaar number (issued by UIDAI) to avail additional services.

#### How to Access your Documents digitally:

Members can download their digital ID Card / ACS / FCS / COP certificate(s) by following the steps given below:

1. Log in to <https://www.digilocker.gov.in> website
2. Go to Central Government and select Institute of Company Secretaries of India
3. Select the option of ID card / Membership Certificate / Practice Certificate
4. For ID Card, enter your membership number e.g. ACS 12345 / FCS 12345.
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.

## LIST OF PRACTICE UNITS PEER REVIEWED / CERTIFICATE ISSUED DURING DECEMBER, 2022

Sl. No.	Name of the Practice Unit	City	Year of Review	Certificate no.
1	M/s. Zalak Mehta & Associates	Mumbai	2021-22	2832/2022
2	M/s. Swati Nerurkar & Co.	Mumbai	2021-22	2833/2022
3	CS Sooraj U N	Chennai	2021-22	2834/2022
4	M/s. Vikas Gandhi & Associates	Sonepat	2021-22	2835/2022
5	M/s. S. Talwar & Associates	Delhi	2021-22	2836/2022
6	CS Vignesh Duraisami	Coimbatore	2021-22	2837/2022
7	M/s. Dilip Swarnkar & Associates	Mumbai	2021-22	2838/2022
8	M/s. Kothari & Associates	Bengaluru	2021-22	2839/2022
9	M/s. Puneet Singh & Co.	Noida	2021-22	2840/2022
10	M/s. S. Shanu & Co.	Noida	2021-22	2841/2022
11	M/s. Daksha Negi & Associates	Ahmedabad	2020-21	2842/2022
12	M/s. Kavita Goel & Associates	Delhi	2021-22	2843/2022
13	M/s. Biman Debnath & Associates	Guwahati	2021-22	2844/2022
14	M/s. Neetu Agrawal & Co.	Thane	2020-21	2845/2022
15	M/s. J Nain and Associates	New Delhi	2021-22	2846/2022
16	M/s. Reena Jakhodia & Associates	Kanpur	2021-22	2847/2022
17	M/s. Rahul G Agrawal & Associates	Mumbai	2021-22	2848/2022
18	M/s. Richa Dhamija & Company	Noida	2020-21	2849/2022
19	M/s. D. Raut & Associates	Kolkata	2021-22	2850/2022
20	CS Sumona Sil	Howrah	2021-22	2851/2022
21	M/s. Nikita Arora & Associates	New Delhi	2021-22	2852/2022
22	M/s. Manish K. & Associates	New Delhi	2021-22	2853/2022
23	M/s. MSTR & Associates	Delhi	2020-21	2854/2022
24	M/s. Preetham Hebbar & Co.	Bengaluru	2021-22	2855/2022
25	M/s. MARG & Associates	Delhi	2021-22	2856/2022
26	CS Mala Jain	Jalgaon	2021-22	2857/2022
27	CS Mayuri Bharat Thakkar	Mumbai	Limited Review	2858/2022
28	M/s. Neha Seth & Associates	Gurugram	2021-22	2859/2022
29	CS Kalaivani S	Bengaluru	2021-22	2860/2022
30	CS Arjun Upadhyay	Hyderabad	2021-22	2861/2022
31	M/s. MAPS & Company	Ghaziabad	Limited Review	2862/2022
32	M/s. AT & Associates	Pune	2021-22	2863/2022
33	M/s. D. S. Momaya & Co. LLP	Navi Mumbai	Limited Review	2864/2022
34	M/s. Anju Bansal & Associates	Meerut	2021-22	2865/2022
35	CS R. Jagadheeswari	Coimbatore	2021-22	2866/2022



Dear Members/Employees,

As part of our initiatives, we would like to inform you about Bajaj Allianz Life Insurance Co. Ltd., one of India's leading private life insurer who will be providing you its Bajaj Allianz Life Smart Protect Goal - A Non Linked, Non-Participating, Pure Life Term Insurance Plan.

**Key Benefits:**

- Dedicated relationship managers to address your queries and do need analysis
- Virtual Policy servicing of your insurance policy

Bajaj Allianz Life Insurance Co. Ltd. will also be able to assist you with your life insurance journey via their innovative tech solutions to enable a virtually assisted sales and service process.

Kindly go through the special value packed offering from Bajaj Allianz Life Insurance Co. Ltd. to help secure the life goals of your loved ones

AGE	25	30	35	40	45	50	55
	PT - 45 Years PPT - 45 Years	PT - 40 Years PPT - 40 Years	PT - 35 Years PPT - 35 Years	PT - 30 Years PPT - 30 Years	PT - 25 Years PPT - 25 Years	PT - 20 Years PPT - 20 Years	PT - 15 Years PPT - 15 Years
<b>Male- ₹50 Lakh Life Cover</b>	₹ 5266	₹ 6240	₹ 7917	₹ 10329	₹ 14026	₹ 18865	₹ 23980
<b>Male- ₹1Cr Life Cover</b>	₹ 9296	₹ 11211	₹ 14488	₹ 19212	₹ 26616	₹ 36113	₹ 46190
<b>Female- ₹50 Lakh Life Cover</b>	₹ 4751	₹ 5400	₹ 6575	₹ 8326	₹ 11122	₹ 14980	₹ 19287
<b>Female- ₹1Cr Life Cover</b>	₹ 8301	₹ 9584	₹ 11884	₹ 15322	₹ 20969	₹ 28537	₹ 37033

<sup>1</sup>Above illustration is considering Male & Female | Standard Life | Non-Smoker | Life Cover Variant | Medical Rates | Policy term (PT) | Premium Payment Term (PPT) | Yearly Premium Payment Mode | Premium shown above is inclusive of Goods & Service Tax/any other applicable tax levied and is for illustrative purpose only.

**Have us call you**

**BWARE OF SPURIOUS PHONE CALLS AND FICTITIOUS / FRAUDULENT OFFERS** IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.

**Risk Factors and Warning Statements:** Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz Life Smart Protect Goal are the names of the company and the product respectively and do not in any way indicate the quality of the product and its future prospects or returns. For more details on risk factors, terms and conditions please read sales brochure & policy document (available on www.bajajallianzlife.com) carefully before concluding a sale. Bajaj Allianz Life Smart Protect Goal - A Non Linked, Non-Participating, Pure Life Term Insurance Plan. Regd. Office Address: Bajaj Allianz House, Airport Road, Yerawada, Pune - 411006. Reg. No: 116. CIN : U66010PN2001PLC015959 | Mail us : customercare@bajajallianz.co.in | Call on : Toll free no. 1800 209 7272 | Fax No: 02066026789. Bajaj Allianz Life Smart Protect Goal (LIN: 116N163V02). The Logo of Bajaj Allianz Life Insurance Co. Ltd. is provided on the basis of license given by Bajaj Finserv Ltd. to use its "Bajaj" Logo and Allianz SE to use its "Allianz" Logo. All charges/ taxes, as applicable, will be borne by the Policyholder.

The above offer is underwritten by Bajaj Allianz Life Insurance Company Limited. The purchase of the insurance plan by the members of ICSI is purely on voluntary basis. ICSI takes no responsibility and has no obligations in relation to the aforementioned policy. ICSI is merely disseminating this information to its members.



**THE INSTITUTE OF  
Company Secretaries of India**  
भारतीय कम्पनी सचिव संस्थान  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)



**Balmer Lawrie**  
TRAVEL & VACATIONS  
(A Government of India Enterprise)



**YOUR TRAVEL NOW HAS NEW WINGS...**

The ICSI is pleased to announce the signing of Memorandum of Understanding (MOU) between Balmer Lawrie Co Ltd and the Institute of Company Secretaries of India to offer professional travel services to all the Members, Students and Employees of the ICSI.

### SALIENT FEATURES

- Personalized access of online Self Booking Tool to all the ICSI Students, Members, Employees. Enhanced security features already incorporated in the tool.
- Provides 100% transparency of Fares & Availability and Facility to book domestic international air tickets directly from our online platforms on real time basis with no hidden costs.
- **Passing of Corporate deal Benefits -**
  -  Free Meal Options
  -  Free Seat Selection
  -  Nominal Cancellation fee.
- No Service fee from Balmer Lawrie on Cancellation of Air tickets.
- Inventory of 400000 domestic hotels and 100000 international hotels, holiday homes at special contracted rates on our SBT.
- Arrangement of LTC tickets as per Govt of India guidelines as well as booking LTC holiday packages at special discounted rates.
- Domestic/International holiday packages at special discount rate for ICSI Members, Students and Employees
- VISA facilitation, travel insurance, forex other ancillary services.
- 24x7 call center support services with dedicated key account managers for hassle free consultation, transactions and settlements.
- Digital/Online payment options.



# Reconnect with your Alma Mater... The ICSI

- Participate in programmes / seminars / conferences organised by the Institute for continuing professional development.
- Participate in the Institute's democratic process.
- Get Chartered Secretary - The Journal for Governance Professionals (monthly Journal of the Institute) prospectively.
- ICSI Membership enables entering into new emerging professions such as Insolvency Profession/Registered Valuer.

Take pride being  
an esteemed  
**CS**  
**Professional**  
**Restore**  
**Your**  
**Membership**

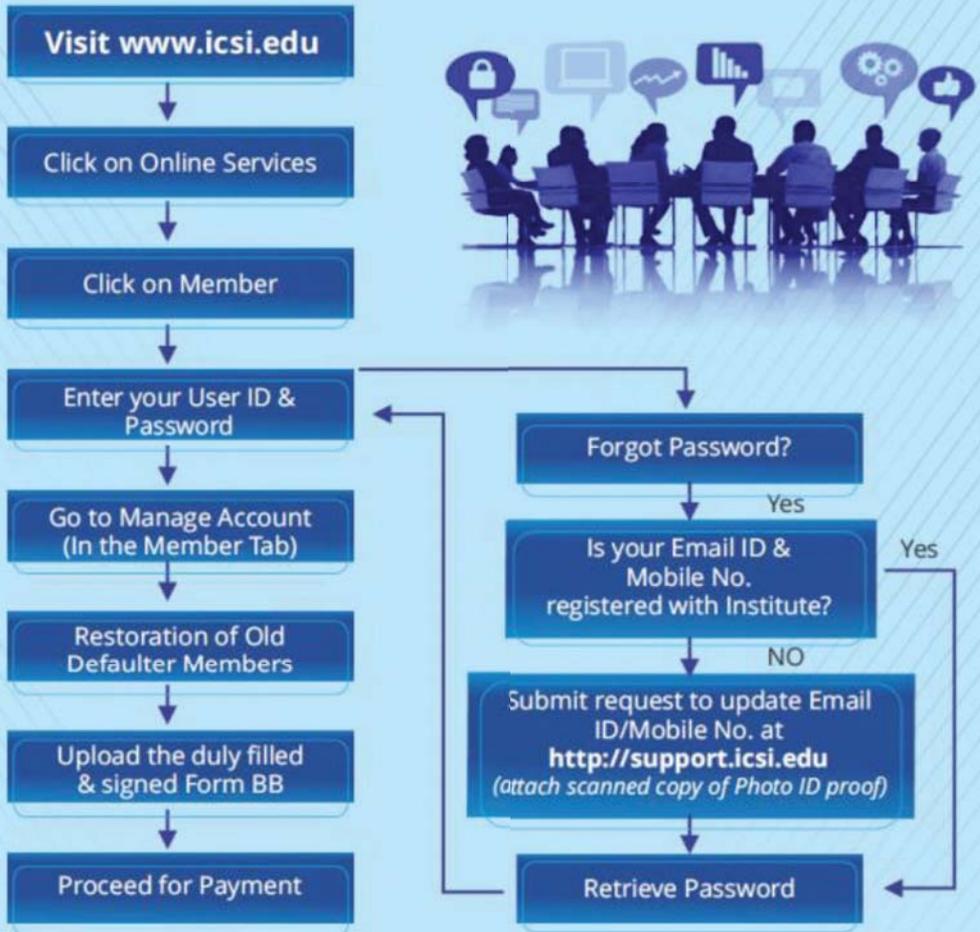
- You are required to pay the arrears of annual membership fee, entrance fee and membership restoration fee with applicable GST
- 75% concession in annual membership fee for members above the age of seventy years
- Restore your membership online at [www.icsi.edu](http://www.icsi.edu)
- Due date for payment of annual membership fee is **1st April, every year**
- Online helpdesk <http://support.icsi.edu>



**THE INSTITUTE OF  
Company Secretaries of India**  
भारतीय कम्पनी सचिव संस्थान  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)



# Restore Your Membership



Restoration of membership will be effective from the date of receipt of Form-BB

<p><b>Vision</b> "To be a global leader in promoting good corporate governance"</p>	<p><b>Motto</b> सचं वद   वचं वद   speak the truth while by the law</p>	<p><b>Mission</b> "To develop high caliber professionals facilitating good corporate governance"</p>
---	--	--

Connect with ICSI | [www.icsi.edu](http://www.icsi.edu) | | Online Helpdesk : <http://support.icsi.edu>



## ICSI Signs MoU with Poonawalla Fincorp

Poonawalla Fincorp offers a special loan scheme with affordable interest rate and unmatched product features for Company Secretaries.

	In Full-Time Employment	Practicing Professionals
Product	<p><b>Personal Loan (Unsecured Term Loan):</b> Customized solutions based on your need. These include financial support for medical emergency, higher education, home renovation, wedding or dream vacation amongst others.</p>	<p><b>Loan for Professionals (Unsecured Term Loan):</b> Specially designed loans to help you reach the next level in professional practice, or go for business expansion. We also takeover existing high cost loans with clean track.</p>
Features	<ul style="list-style-type: none"> <li>&gt; <b>Loan amount:</b> Min INR 1 Lakh. Max INR 30 Lakh.</li> <li>&gt; <b>Processing fee:</b> NIL for loan up to 36 months. 1%+ applicable taxes for above 36 months.</li> <li>&gt; <b>Tenure:</b> Min 12 months. Max 60 months.</li> <li>&gt; <b>Rate of Interest*:</b> 9.99% p.a. up to 36 months &amp; 10.99% p.a. above 36 months. *Reducing balance method</li> </ul>	<ul style="list-style-type: none"> <li>&gt; <b>Loan amount:</b> Min INR 1 lakh. Max INR 10 lakh for a member having less than 5 years of experience. Maximum INR 30 lakh for a member having equal to or more than 5 years of experience.</li> <li>&gt; <b>Processing fee:</b> NIL for loan up to 36 months. 1%+ applicable taxes for above 36 months.</li> <li>&gt; <b>Tenure:</b> Min 12 months. Max 60 months.</li> <li>&gt; <b>Rate of Interest*:</b> 9.99% p.a. up to 36 months and 10.99% p.a. above 36 months. *Reducing balance method</li> </ul>
Eligibility Criteria	<ul style="list-style-type: none"> <li>&gt; <b>Age:</b> Minimum 22 years (subject to 1 year experience in employment) and maximum up to 60 years.</li> <li>&gt; <b>Income:</b> Minimum net salary of INR 20,000/-.</li> <li>&gt; <b>Stability:</b> 1 year with 2 months' stability with current employer.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; <b>Age:</b> Minimum 22 years (subject to 1 year experience in practice) and maximum up to 60 years.</li> <li>&gt; <b>Income:</b> Minimum annual gross receipt of INR 3 lakh subject to minimum 1- year vintage in COP/experience in employment. However, please note this will not be applicable for fresher CS.</li> <li>&gt; <b>Stability:</b> 2 years. Minimum 1 year experience in employment for those members who later on intend to start their own practice.</li> </ul>

### Poonawalla Advantage



Collateral Free



Pan India Territory



Minimum Documentation



No Prepayment Charges



100% Online No Branch Visit



Takeover of High Cost Existing Loans



No Hidden Charges



Hassle Free Process



Insurance cover for exigency

### LOAN IN EASY 4 STEPS

APPLY NOW



Contact us:

[www.poonawallafincorp.com](http://www.poonawallafincorp.com)  
[customercare@poonawallafincorp.com](mailto:customercare@poonawallafincorp.com)  
 1800-266-3201

Follow us:



# 7

## MISCELLANEOUS CORNER



- GST CORNER
- ETHICS IN PROFESSION
- CG CORNER
- STARTUP INDIA

## NOTIFICATION NO. 26/2022 –CENTRAL TAX DATED 26<sup>TH</sup> DECEMBER, 2022

This notification seeks to make amendments to the CGST Rules, 2017

### Rule 8: Application for Registration

PAN-linked mobile number and e-mail address (fetched from CBDT database) to be captured and recorded in FORM GST REG-01 and OTP-based verification to be conducted at the time of registration on such PAN-linked mobile number and email address to restrict misuse of PAN of a person by unscrupulous elements without knowledge of the said PAN-holder.

Every registration application by a person other than a person notified under section 25 (6D) who has opted for authentication of Aadhaar number and is identified on the common portal, based on data analysis and risk parameters, shall be followed by biometric-based Aadhaar authentication and taking photograph of the applicant where the applicant is an individual or of such individuals in relation to the applicant as notified under section 25 (6C) where the applicant is not an individual, along with the verification of the original copy of the documents uploaded with the application in **FORM GST REG-01** at one of the Facilitation Centres notified by the Commissioner. *[Vide Notification No. 27/2022-Central Tax dated 27<sup>th</sup> December, 2022 it has been specified that these provisions shall not apply in all the States and Union territories except the State of Gujarat]*

### Rule 9: Verification of the application and approval

Application for Registration will be approved only after physical verification of the premises even after Aadhar authentication if the said person is identified on the common portal based on data analysis and risk parameters, for carrying out physical verification of places of business.

### Rule 37A: Reversal of input tax credit in the case of non-payment of tax by the supplier and re-availment thereof

Rule 37A has been inserted in CGST Rules, 2017 to prescribe the mechanism for reversal of input tax credit by a registered person in the event of non-payment of tax by the supplier by a specified date and mechanism for re-availment of such credit, if the supplier pays tax subsequently to ease the process for complying with the condition for availment of input tax credit under section 16(2)(c) of CGST Act, 2017.

### Rule 46: Tax Invoice

A proviso has been inserted in Rule 46(f) to provide that where any taxable service is supplied by or through an electronic commerce operator (ECO) or by a supplier of online information and database access or retrieval services (OIDAR) to a recipient who is un-registered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name and address of the recipient along with its PIN code and the name of the State and the said address shall be deemed to be the address on record of the recipient.

### Rule 59: Form and manner of furnishing details of outward supplies

Clause (d) has been inserted in rule 59 of CGST Rules, 2017 to restrict furnishing of FORM GSTR-1/ invoice furnishing facility

(IFF) for a subsequent tax period if the taxpayer has neither deposited the amount specified in the intimation issued on the common portal under the provisions of rule 88C(1) nor has furnished a reply explaining the reasons for the amount remaining unpaid. This would facilitate taxpayers to pay/ explain the reason for the difference in such liabilities reported by them, without intervention of the tax officers.

### Rule 87: Electronic Cash Ledger

A proviso has been inserted in rule 87(8) to provide that where the bank fails to communicate details of Challan Identification Number (CIN) to the Common Portal, the Electronic Cash Ledger may be updated on the basis of e-Scroll of the Reserve Bank of India in cases where the details of the said e-Scroll are in conformity with the details in challan generated in FORM GST PMT-06 on the Common Portal.

### Rule 88C: Manner of dealing with difference in liability reported in statement of outward supplies and that reported in return

Rule 88C has been inserted in CGST Rules, 2017 for intimation to the taxpayer, by the common portal, about the difference between liability reported by the taxpayer in FORM GSTR-1 and in FORM GSTR-3B for a tax period, where such difference exceeds a specified amount and/ or percentage, for enabling the taxpayer to either pay the differential liability or explain the difference.

Where any amount specified in the intimation remains unpaid within the period specified and where no explanation or reason is furnished by the registered person in default or where the explanation or reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be recoverable in accordance with the provisions of section 79 (Recovery of tax).

### Rule 89: Application for refund of tax, interest, penalty, fees or any other amount

New clauses have been inserted under rule 89(2) to provide the documents required to be furnished by unregistered persons along with the application for refund where the contract/agreement for supply of services has been cancelled or terminated.

### Rule 108(3) and 109: Appeal/ Application to the Appellate Authority

Rule 108(3) and rule 109 of the CGST Rules, 2017 have been amended to provide clarity on the requirement of submission of certified copy of the order appealed against and the issuance of final acknowledgment by the appellate authority to facilitate timely processing of appeals and ease the compliance burden for the appellants.

### Rule 109C: Withdrawal of Appeal

Rule 109C has been inserted in the CGST Rules, 2017 to provide the facility for withdrawal of an application of appeal up to certain specified stage to reduce litigations at the level of appellate authorities.

**For more details please visit <https://taxinformation.cbic.gov.in/view-pdf/1009584/ENG/Notifications>**

## CIRCULAR NO. 183/15/2022-GST DATED 27<sup>TH</sup> DECEMBER, 2022

Clarification to deal with difference in Input Tax Credit (ITC) availed in FORM GSTR-3B as compared to that detailed in FORM GSTR-2A for FY 2017-18 and 2018-19

S. No.	Scenario	Clarification
1.	Where the supplier has failed to file FORM GSTR-1 for a tax period but has filed the return in FORM GSTR-3B for said tax period, due to which the supplies made in the said tax period do not get reflected in FORM GSTR-2A of the recipients.	In such cases, the difference in ITC claimed by the registered person in his return in FORM GSTR-3B and that available in FORM GSTR-2A may be handled by following the procedure provided below.
2.	Where the supplier has filed FORM GSTR-1 as well as return in FORM GSTR-3B for a tax period, but has failed to report a particular supply in FORM GSTR-1, due to which the said supply does not get reflected in FORM GSTR-2A of the recipient.	In such cases, the difference in ITC claimed by the registered person in his return in FORM GSTR-3B and that available in FORM GSTR-2A may be handled by following the procedure provided below.
3.	Where supplies were made to a registered person and invoice is issued as per Rule 46 of CGST Rules containing GSTIN of the recipient, but supplier has wrongly reported the said supply as B2C supply, instead of B2B supply, in his FORM GSTR-1, due to which the said supply does not get reflected in FORM GSTR-2A of the said registered person.	In such cases, the difference in ITC claimed by the registered person in his return in FORM GSTR-3B and that available in FORM GSTR-2A may be handled by following the procedure provided below.
4.	Where the supplier has filed FORM GSTR-1 as well as return in FORM GSTR-3B for a tax period, but he has declared the supply with wrong GSTIN of the recipient in FORM GSTR-1.	In such cases, the difference in ITC claimed by the registered person in his return in FORM GSTR-3B and that available in FORM GSTR-2A may be handled by following the procedure provided below.  In addition, the proper officer of the actual recipient shall intimate the concerned jurisdictional tax authority of the registered person, whose GSTIN has been mentioned wrongly, that ITC on those transactions is required to be disallowed, if claimed by such recipients in their FORM GSTR-3B. However, allowance of ITC to the actual recipient shall not depend on the completion of the action by the tax authority of such registered person, whose GSTIN has been mentioned wrongly, and such action will be pursued as an independent action.

### Procedure to deal with different scenarios mentioned above:

The proper officer shall first seek the details from the registered person regarding all the invoices on which ITC has been availed by the registered person in his FORM GSTR 3B but which are not reflecting in his FORM GSTR-2A. He shall then ascertain fulfillment of the following conditions of Section 16 of CGST Act in respect of the input tax credit availed on such invoices by the said registered person:

- that he is in possession of a tax invoice or debit note issued by the supplier or such other tax paying documents;
- that he has received the goods or services or both;
- that he has made payment for the amount towards the value of supply, along with tax payable thereon, to the supplier.

Besides, the proper officer shall also check whether any reversal of input tax credit is required to be made in accordance with section 17 or section 18 of CGST Act and also whether the said input tax credit has been availed within the time period specified under sub-section (4) of section 16 of CGST Act.

In order to verify the condition of clause (c) of sub-section (2) of Section 16 of CGST Act that tax on the said supply has been paid by the supplier, the following action may be taken by the proper officer:

- In case, where difference between the ITC claimed in FORM GSTR-3B and that available in FORM GSTR -2A of the registered person in respect of a supplier for the said financial year exceeds Rs. 5 lakh, the proper officer shall ask the registered person to produce a certificate for the concerned supplier from the Chartered Accountant (CA) or the Cost Accountant (CMA), certifying that supplies in respect of the said invoices of supplier have actually been made by the supplier to the said registered person and the tax on such supplies has been paid by the said supplier in his return in FORM GSTR-3B. Certificate issued by CA or CMA shall contain UDIN.
- In cases, where difference between the ITC claimed in FORM GSTR-3B and that available in FORM GSTR-2A of the registered person in respect of a supplier for the said financial year is upto Rs. 5 lakh, the proper officer shall ask the claimant to produce a certificate from the concerned supplier to the effect that said supplies have actually been made by him to the said registered person and the tax on said supplies has been paid by the said supplier in his return in FORM GSTR-3B.
- However, it may be noted that for the period FY 2017-18, as per proviso to section 16(4) of CGST Act, the aforesaid relaxations shall not be applicable to the claim of ITC made in the FORM GSTR-3B return filed after the due date of furnishing return for the month of September, 2018 till the due date of furnishing return for March, 2019, if supplier had not furnished details of the said supply in his FORM GSTR-1 till the due date of furnishing FORM GSTR-1 for the month of March, 2019.

For more details please visit <https://taxinformation.cbic.gov.in/view-pdf/1003135/ENG/Circulars>

## CIRCULAR NO. 184/16/2022-GST DATED 27<sup>TH</sup> DECEMBER, 2022

Clarification on the entitlement of input tax credit (ITC) where the place of supply is determined in terms of the proviso to sub-section (8) of section 12 of the IGST Act, 2017

In case of supply of services by way of transportation of goods, including by mail or courier, where the transportation of goods is to a place outside India, and where the supplier and recipient of the said supply of services are located in India, the place of supply is the concerned foreign destination where the goods are being transported, in accordance with the proviso to the sub-section (8) of section 12 of IGST Act, which was inserted vide the IGST (Amendment) Act, 2018 w.e.f. 01.02.2019.

The aforesaid supply of services would be considered as inter-State supply in terms of sub-section (5) of section 7 of the IGST Act since the location of the supplier is in India and the place of supply is outside India. Therefore, IGST would be chargeable on the said supply of services.

The recipient of service of transportation of goods shall be eligible to avail ITC in respect of the IGST so charged by the supplier, subject to the fulfilment of other conditions laid down in section 16 and 17 of the CGST Act.

The supplier of service shall report place of supply of such service by selecting State code as '96-Foreign Country' from the list of codes in the drop-down menu available on the portal in FORM GSTR-1.

*For more details please visit <https://taxinformation.cbic.gov.in/view-pdf/1003136/ENG/Circulars>*

## **CIRCULAR NO. 185/17/2022-GST DATED 27<sup>TH</sup> DECEMBER, 2022**

*Clarification with regard to applicability of provisions of section 75(2) of CGST Act, 2017 and its effect on limitation*

Where any direction is issued by the appellate authority or appellate tribunal or the court to re-determine the amount of tax payable by the noticee by deeming the notice to have been issued under sub-section (1) of section 73 of CGST Act in accordance with the provisions of sub-section (2) of section 75 of the said Act, the proper officer is required to issue the order of redetermination of tax, interest and penalty payable within the time limit as specified in under sub-section (3) of section 75 of the said Act, i.e. within a period of two years from the date of communication of the said direction by appellate authority or appellate tribunal or the court, as the case may be.

Where the amount of tax, interest and penalty payable by the noticee is required to be re-determined by the proper officer in terms of sub-section (2) of section 75 of CGST Act, the demand would have to be re-determined keeping in consideration the provisions of sub-section (2) of section 73, read with sub-section (10) of section 73 of CGST Act.

*For more details please visit <https://taxinformation.cbic.gov.in/view-pdf/1003137/ENG/Circulars>*

## **CIRCULAR NO. 186/18/2022-GST DATED 27<sup>TH</sup> DECEMBER, 2022**

*Clarification on taxability of No Claim Bonus (NCB) offered by Insurance companies*

As per practice prevailing in the insurance sector, the insurance companies deduct No Claim Bonus from the gross insurance premium amount, when no claim is made by the insured person during the previous insurance period(s). The customer/ insured procures insurance policy to indemnify himself from any loss/injury as per the terms of the policy, and is not under any

contractual obligation not to claim insurance claim during any period covered under the policy, in lieu of NCB.

Therefore, there is no supply provided by the insured to the insurance company in form of agreeing to the obligation to refrain from the act of lodging insurance claim during the previous year(s) and NCB cannot be considered as a consideration for any supply provided by the insured to the insurance company.

The insurance companies make the disclosure of the fact of availability of discount in form of NCB, subject to certain conditions, to the insured in the insurance policy document itself and also provide the details of the NCB in the invoices also. The pre-disclosure of NCB amount in the policy documents and specific mention of the discount in form of NCB in the invoice is in consonance with the conditions laid down for deduction of discount from the value of supply under clause (a) of sub-section (3) of section 15 of the CGST Act.

Therefore, NCB is a permissible deduction under clause (a) of sub-section (3) of section 15 of the CGST Act for the purpose of calculation of value of supply of the insurance services provided by the insurance company to the insured. Accordingly, where the deduction on account of NCB is provided in the invoice issued by the insurer to the insured, GST shall be leviable on actual insurance premium amount, payable by the policy holders to the insurer, after deduction of NCB mentioned on the invoice.

*Clarification on applicability of e-invoicing w.r.t. an entity*

In terms of Notification No. 13/2020-Central Tax dated 21<sup>st</sup> March, 2020, as amended, certain entities/sectors have been exempted from mandatory generation of e-invoices as per sub-rule (4) of rule 48 of CGST Rules, 2017. The said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.

**Illustration:** *A Banking Company providing banking services, may also be involved in making supply of some goods, including bullion. The said banking company is exempted from mandatory issuance of e-invoice in terms of Notification No. 13/2020-Central Tax, dated 21<sup>st</sup> March, 2020, as amended, for all supplies of goods and services and thus, will not be required to issue e-invoice with respect to any supply made by it.*

*For more details please visit <https://taxinformation.cbic.gov.in/view-pdf/1003138/ENG/Circulars>*

## **CIRCULAR NO. 187/19/2022-GST DATED 27<sup>TH</sup> DECEMBER, 2022**

*Clarification regarding the treatment of statutory dues under GST law in respect of the taxpayers for whom the proceedings have been finalised under Insolvency and Bankruptcy Code (IBC), 2016*

It was clarified vide Circular No.134/04/2020-GST dated 23<sup>rd</sup> March, 2020, that no coercive action can be taken against the corporate debtor with respect to the dues of the period prior to the commencement of Corporate Insolvency Resolution Process (CIRP). Such dues will be treated as 'operational debt' and the claims may be filed by the proper officer before the NCLT in accordance with the provisions of the IBC.

As per Section 84 of CGST Act, if the government dues against any person under CGST Act are reduced as a result of any appeal, revision or other proceedings in respect of such government dues, then an intimation for such reduction of government dues has to be given by the Commissioner to such person and to the

appropriate authority with whom the recovery proceedings are pending. Further, recovery proceedings can be continued in relation to such reduced amount of government dues.

The word 'other proceedings' is not defined in CGST Act. It is to be mentioned that the adjudicating authorities and appellate authorities under IBC are quasi-judicial authorities constituted to deal with civil disputes pertaining to insolvency and bankruptcy. As the proceedings conducted under IBC also adjudicate the government dues pending under the CGST Act or under existing laws against the corporate debtor, the same appear to be covered under the term 'other proceedings' in Section 84 of CGST Act.

Rule 161 of CGST Rules, 2017 prescribes FORM GST DRC-25 for issuing intimation for such reduction of demand specified under section 84 of CGST Act. Therefore, in cases where a confirmed demand for recovery has been issued by the tax authorities for which a summary has been issued in FORM GST DRC-07/DRC-07A against the corporate debtor, and where the proceedings have been finalized against the corporate debtor under IBC reducing the amount of statutory dues payable by the corporate debtor to the government under CGST Act or under existing laws, the jurisdictional Commissioner shall issue an intimation in FORM GST DRC-25 reducing such demand, to the taxable person or any other person as well as the appropriate authority with whom recovery proceedings are pending.

**For more details please visit <https://taxinformation.cbic.gov.in/view-pdf/1003139/ENG/Circulars>**

## **CIRCULAR NO. 188/20/2022-GST DATED 27<sup>TH</sup> DECEMBER, 2022**

*Prescribing manner of filing an application for refund by unregistered persons*

A new functionality has been made available on the common portal which allows unregistered persons to take a temporary registration and apply for refund under the category 'Refund for Unregistered person' in cases where the contract/agreement for supply of services of construction of flat/ building has been cancelled or where long-term insurance policy has been terminated.

Further, sub-rule (2) of rule 89 of CGST Rules, 2017 has been amended and statement 8 has been inserted in FORM GST RFD-01 vide Notification No. 26/2022-Central Tax dated 26.12.2022 to provide for the documents required to be furnished along with the application of refund by the unregistered persons and the statement to be uploaded along with the said refund application.

Separate applications for refund have to be filed in respect of invoices issued by different suppliers. Further, where the suppliers, in respect of whose invoices refund is to be claimed, are registered in different States/UTs, the applicant shall obtain temporary registration in the each of the concerned States/UTs where the said supplier are registered.

Where the time period for issuance of credit note under section 34 of the CGST Act has not expired at the time of cancellation/ termination of agreement/contract for supply of services, the concerned suppliers can issue credit note to the unregistered person. In such cases, the supplier would be in a position to also pay back the amount of tax collected by him from the unregistered person and therefore, there will be no need for filing refund claim by the unregistered persons in these cases. Accordingly, the refund claim can be filed by the

unregistered persons only in those cases where at the time of cancellation/termination of agreement/contract for supply of services, the time period for issuance of credit note under section 34 of the CGST Act has already expired.

### **Relevant date for filing of refund**

As per sub-section (1) of section 54 of the CGST Act, time period of two years from the relevant date has been specified for filing an application of refund. Further, the relevant date in respect of cases of refund by a person other than supplier is the date of receipt of goods or services or both by such person in terms of provisions of clause (g) in Explanation (2) under section 54 of the CGST Act. However, in respect of cases where the supplier and the unregistered person (recipient) have entered into a long-term contract/ agreement for the supply, with the provision of making payment in advance or in instalments, for example- construction of flats or long-term insurance policies, if the contract is cancelled/ terminated before completion of service for any reason, there may be no date of receipt of service, to the extent supply has not been made/ rendered. Therefore, in such type of cases, it has been decided that for the purpose of determining relevant date in terms of clause (g) of Explanation (2) under section 54 of the CGST Act, date of issuance of letter of cancellation of the contract/ agreement for supply by the supplier will be considered as the date of receipt of the services by the applicant.

**For more details please visit <https://taxinformation.cbic.gov.in/view-pdf/1003140/ENG/Circulars>**



**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](mailto:cs.journal@icsi.edu).

# Disciplinary Mechanism

For the purposes of the Company Secretaries Act, 1980, the expression “*professional or other misconduct*”, pursuant to Section 22 of the Company Secretaries Act, 1980, 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 to inquire into the conduct of any member of the Institute under any other circumstances.

## DISCIPLINARY DIRECTORATE

Pursuant to Section 21 of the Company Secretaries Act, 1980, the Council by notification, establishes a Disciplinary Directorate headed by an officer of the Institute designated as Director (Discipline) and such other employees for making investigations in respect of any information or complaint received by it.

## BOARD OF DISCIPLINE

Pursuant to Section 21A of the Company Secretaries Act, 1980, the Council constitutes a Board of Discipline consisting of- (a) a person with experience in law and having knowledge of the disciplinary matters and the profession, to be its presiding officer; (b) two members one of whom shall be a member of the Council elected by the Council and the other member shall be the person designated under clause (c) of sub-section (1) of Section 16; (c) the Director (Discipline) shall function as the Secretary of the Board.

## DISCIPLINARY COMMITTEE

Pursuant to Section 21B of the Company Secretaries Act, 1980, the Council constitutes a Disciplinary Committee consisting of the President or the Vice-President of the Council as the Presiding Officer and two members to be elected from amongst the members of the Council and two members to be nominated by the Central Government from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy. The Council may constitute more Disciplinary Committees as and when it considers necessary.

## APPELLATE AUTHORITY

Pursuant to Section 22A of the Company Secretaries Act, 1980, the Appellate Authority constituted under sub-section (1) of section 22A of the Chartered Accountants Act, 1949, shall be deemed to be the Appellate Authority for the purposes of the Company Secretaries Act, 1980 subject to the modification for clause (b) of said sub-section (1), that the Central Government shall, by notification appoint two part-time members from amongst the persons who have been members of the Council of the Institute of Company Secretaries of India for at least one full term and who is not a sitting member of the Council.

## APPELLATE AUTHORITY, DISCIPLINARY COMMITTEE, BOARD OF DISCIPLINE AND DIRECTOR (DISCIPLINE) TO HAVE POWERS OF CIVIL COURT

Pursuant to Section 21C of the Company Secretaries Act, 1980, the Appellate Authority, Disciplinary Committee, Board of Discipline and Director (Discipline) are vested with the powers of civil court for the purposes of an inquiry under the provisions of the Company Secretaries Act, 1980, and shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, in respect of (a) summoning and enforcing the attendance of any person and examining him on oath; (b) the discovery and production of any document; and (c) receiving evidence on affidavit.

## CASE STUDY

A complaint of the professional or other misconduct was filed. The Complainant as a major shareholder and Director (during the Financial Years 2014-2015, 2015-2016 and 2016-2017) of a company reported that the Respondent has committed severe professional misconducts in falsely certifying e-Form MGT-7 for the Financial Years 2014-2015, 2015-2016 and 2016-2017. The Respondent had falsely certified e-Form MGT-7 for the Financial Years 2014-2015, 2015-2016 and 2016-2017 as the Respondent failed to conduct due-diligence of the records and compliances of the company and the Respondent had given false certification in respect of compliances of holding of Board/General Meetings for the said Financial Years. The Respondent has certified bogus and illusionary Board Meetings of the company for the Financial Years 2014-2015, 2015-2016 and 2016-2017 despite the fact that the Complainant has neither received any Notice for Board Meetings/General Meetings nor he has attended any of the illusionary Board Meetings of the company for the Financial Years 2014-2015, 2015-2016 and 2016-17.

The Respondent has contended that the Complainant appears to be scam artist who siphons away money from those business men with whom he has his association. It is stated that a several number of complaints and FIR are registered against the Complainant. The company is a victim of the fraudulent and malfeasant acts of the Complainant and the present complaint is another desperate act of the Complainant to harass the company by making frivolous allegations against the Respondent. The Respondent has submitted that on perusal of e-Form MGT-7 w.r.t the attendance of the Complainant in the respective Board Meetings of the financial years 2014-2015 and 2015-2016, it was observed that some typographical/clerical errors had been made and the Complainant was inadvertently shown as present in the respective Board Meetings for the financial year 2014-2015 and 2015-2016. However, the minutes of the respective Board Meetings maintained by the company duly recorded the absenteeism of the Complainant from said Board Meetings held during the financial years 2014-2015 and 2015-2016. The Respondent has submitted that the clerical error in e-Form MGT-7 for the financial year 2014-2015 and 2015-2016 was duly rectified by the company and filed with the ROC.

The Complainant has *inter-alia* stated that the company in connivance with the Respondent has altered the details of the attendance of the Complainant in e-Form MGT-7. The company has filed revised e-Form MGT-7 only after filing of the complaint by the Complainant. The Respondent has failed to produce any evidence in support of proof of dispatch of any Notice of Board Meeting to the Complainant. The Respondent has certified e-Form MGT-7 as well as compliance in respect of calling/convening/holding of Board Meeting and sending notices thereof purely on the basis of assumptions made by him and on false and fabricated minute books of the company.

The Respondent has stated that he has already admitted that clerical errors were made in the e-Form MGT-7 for Financial Years 2014-15 and 2015-16 and the Complainant was inadvertently shown as present in the respective board meetings for the Financial Years 2014-15 and 2015-16 and that the same were rectified by the company by filing rectified e-Form MGT-7 with the ROC. The Respondent submitted that he is an independent professional, having no alleged

connivance with the company and he is no longer engaged with the company. The Respondent requested that since he has already admitted his mistake and the Complainant is also willing to withdraw his complaint. He further requested for lenient view against the Respondent for his unintentional *bonafide* clerical error.

The Disciplinary Committee held the Respondent 'Guilty' of professional misconduct under item (7) of Part I of Second Schedule to the Company Secretaries Act, 1980 as the Respondent has not exercised due diligence while certifying the alleged e-Form MGT-7 for the Financial Years 2014-15 and 2015-16 with respect to the attendance of the Complainant in the meetings of the company for the respective financial years. The Disciplinary Committee after considering the fact that the Respondent has admitted his mistake and that the Complainant is no more interested for the disciplinary action against the Respondent, acceded to the request of the Respondent for leniency, passed the order of 'Reprimand' against the Respondent under section 21B (3) of the Act read with Rule 19(1) of the Rules.



*MNC, Engaged in Global Advisory (Investment Banking)*  
requires

### **A COMPANY SECRETARY**

For

It's 100% Private Ltd Subsidiary  
Based in Peninsula Corporate Park, Lower Parel, Mumbai

**Knowledge of**  
**Conducting Board Meeting / CSR Spending**  
**Review of Client Engagement Letters**  
**Non-Disclosure Agreements is necessary**  
**Experience of 5-7 years in a Service Industry is necessary**  
**Age 28 to 42 years**

*Salary Rs.20-25 lakhs + Bonus (Rs.5-10 lakhs) + Gratuity, Medical,  
Personal Accident, Life Insurance etc.*

*Experience of Investment Banking and knowledge of SEBI Merchant Banking &  
Insider Trading Regulations will be added advantage but not necessary*

*We offer excellent working conditions & 5 days Week.*

E-mail CV, if strictly matching with our requirements

To: [ratnakar.dalvi@rothschildandco.com](mailto:ratnakar.dalvi@rothschildandco.com)

*Website: [www.rothschildandco.com](http://www.rothschildandco.com)*

# Nationally Determined Contributions

Nationally determined contributions (NDCs) are at the heart of the Paris Agreement and the achievement of its long-term goals. NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. The Paris Agreement (Article 4, paragraph 2)<sup>1</sup> requires each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.

The Paris Agreement requests each country to outline and communicate their post-2020 climate actions, known as their NDCs. Together, these climate actions determine whether the world achieves the long-term goals of the Paris Agreement and to reach global peaking of greenhouse gas (GHG) emissions as soon as possible and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of GHGs in the second half of this century.

It is understood that the peaking of emissions will take longer for developing country Parties, and that emission reductions are undertaken on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty, which are critical development priorities for many developing countries.

NDCs are submitted every five years to the UNFCCC secretariat. In order to enhance the ambition over time the Paris Agreement provide that successive NDCs will represent a progression compared to the previous NDC and reflect its highest possible ambition.

It is to be noted that the Parties are required to submit the next round of NDCs (new NDCs or updated NDCs) by 2020 and every five years thereafter (e.g. by 2020, 2025, 2030), regardless of their respective implementation time frames.

With reference to India's approach on Nationally Determined Contribution, in accordance with the requisite provisions of the Paris Agreement, it has communicated an update to its first NDC submitted earlier on October 2, 2015, for the period up to 2030, as under:

1. *To put forward and further propagate a healthy and sustainable way of living based on traditions and values of conservation and moderation, including through a mass movement for 'LIFE' – 'Lifestyle for Environment' as a key to combating climate change [UPDATED].*
2. *To adopt a climate friendly and a cleaner path than the one followed hitherto by others at corresponding level of economic development.*

1. [https://unfccc.int/files/meetings/paris\\_nov\\_2015/application/pdf/paris\\_agreement\\_english\\_.pdf](https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf)

3. *To reduce Emissions Intensity of its GDP by 45 percent by 2030, from 2005 level [UPDATED].*
4. *To achieve about 50 percent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030, with the help of transfer of technology and low-cost international finance including from Green Climate Fund (GCF) [UPDATED].*
5. *To create an additional carbon sink of 2.5 to 3 billion tonnes of CO<sub>2</sub> equivalent through additional forest and tree cover by 2030.*
6. *To better adapt to climate change by enhancing investments in development programmes in sectors vulnerable to climate change, particularly agriculture, water resources, Himalayan region, coastal regions, health and disaster management.*
7. *To mobilize domestic and new & additional funds from developed countries to implement the above mitigation and adaptation actions in view of the resource required and the resource gap.*
8. *To build capacities, create domestic framework and international architecture for quick diffusion of cutting edge climate technology in India and for joint collaborative R&D for such future technologies.*

The Union Cabinet chaired by the Prime Minister approved India's updated Nationally Determined Contribution (NDC) to be communicated to the United Nations Framework Convention on Climate Change (UNFCCC). India's NDC is ambitious, and it is a significant contribution towards achieving the goals of the Paris Agreement.

India at the 26<sup>th</sup> session of the Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Glasgow, United Kingdom, expressed to intensify its climate action by presenting to the world five nectar elements (Panchamrit) of India's climate action. This update to India's existing NDC translates the 'Panchamrit' announced at COP 26 into enhanced climate targets. The update is also a step towards achieving India's long term goal of reaching net-zero by 2070.

## REFERENCES:

1. <https://unfccc.int/process/conferences/pastconferences/paris-climate-change-conference-november-2015/paris-agreement>
2. <https://unfccc.int/sites/default/files/NDC/2022-08/India%20Updated%20First%20Nationally%20Determined%20Contrib.pdf>
3. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1847812>

# Trust the experts with your employee welfare needs

We at Kotak Life facilitate your employee welfare obligations such as gratuity, superannuation and leave encashment. In the last 20 years we have seen over 450 corporates fund employee benefit liabilities through us. We commit ourselves to ensure you get the right solutions customized to your needs. From liability-driven investment options to funding your future strategies, your obligation meets our expertise.



Group Gratuity



Group Leave Encashment



Group Annuity



Group Superannuation

To begin this partnership with us reach out at [kli.business-solutions@kotak.com](mailto:kli.business-solutions@kotak.com)



Scan to hear the Experts

Visit us at: [www.kotaklife.com/group-plans](http://www.kotaklife.com/group-plans)

Follow us at:



Hum hain... hamesha

**BEWARE OF SPURIOUS PHONE CALLS AND FICTITIOUS/FRAUDULENT OFFERS**

IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.

\*CRISIL Ratings has reaffirmed its corporate credit rating of 'CCR AAA/Stable' on Kotak Life as of April 29, 2022

**Kotak Mahindra Life Insurance Company Ltd.** Regn. No.:107, CIN: U66030MH2000PLC128503, Regd. Office: 8th Floor, Plot # C12, G Block, BKC, Bandra (E), Mumbai 400051. Website: [www.kotaklife.com](http://www.kotaklife.com) WhatsApp: 9321003007 | Toll Free No.: 1800 209 8800 | Ref. No.: KLI/22-23/P-MG/1783.

Trade Logo displayed above belongs to Kotak Mahindra Bank Limited and is used by Kotak Mahindra Life Insurance Company Ltd. under license.

## ASCEND Workshops

Startup India Initiative was launched on 16<sup>th</sup> January 2016 by Hon'ble Prime Minister of India, with an objective to build a strong ecosystem for nurturing innovation and startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The initiative has grown into a vibrant and thriving startup ecosystem which is the third largest globally with more than 85,000 startups recognized by the Department for Promotion of Industry and Internal Trade (DPIIT).

The startup landscape in the North-East Region (NER) has witnessed the onset of a paradigm shift in mindset wherein many individuals are interested in pursuing entrepreneurship as a career. This is further substantiated by the number of startups coming in from the region and recognised by Department for Promotion of Industry & Internal Trade (DPIIT) over the years. Although the region's startup ecosystem is in its early stages, all the eight State Governments are working proactively to support startups and their stakeholders to boost wealth and employment generation. Currently, there are a total of 850+ startups in NER recognized by DPIIT that have created more than 8,000 job opportunities with 360 of these startups being led by women.

Given that the startup ecosystem of the region is at a nascent stage, it becomes imperative to make available apt guidance, requisite infrastructure and, a thriving network led by ecosystem enablers such as incubators, mentors, and academia for developing a robust startup ecosystem. DPIIT organized a series of startup workshops - ASCEND (Accelerating Startup Calibre & Entrepreneurial Drive), for the entrepreneurs, aspiring entrepreneurs, and students from NER. With a vision to encourage entrepreneurial mindset, ASCEND workshops were organized in the following States during the month of November and December 2022:

- Manipur
- Assam
- Meghalaya
- Mizoram
- Arunachal Pradesh
- Nagaland
- Sikkim and
- Tripura



The one-day workshops comprised of sensitization and awareness sessions, ideation activities and knowledge sessions for startups, aspiring entrepreneurs, and students in these States. Certain workshops also included initiatives such as knowledge sessions for academic institutions, High Net-worth Individual (HNI) sensitization workshops, and other capacity building sessions as deemed necessary.

### KEY HIGHLIGHTS FROM THE WORKSHOP:

- More than 1,000+ participants attended the workshop comprising of numerous ecosystem stakeholders such as State officials, startups, aspiring entrepreneurs, HNIs, academic institutions.
- Manipur workshop was graced by Hon'ble Chief Minister Shri N Biren Singh. Additionally, Hon'ble CM & Shri PVSLN Murty, Chairman MD, NEDFi launched a Venture Fund.
- 10+ Subject Experts from prominent organisations such as Lawyered, Khaitan & Co, Lets venture, Business Setup, Lead Angels, India Network etc. conducted the technical sessions.
- Key topics covered: Importance of Incorporation, Fundraising, Translating Idea into Sustainable Business amongst others. Other Engagements included Sensitization of Academic Institutions & HNI Sensitization session.
- The Mentor/Investor desks (Open floor session) conducted across the workshops witnessed proactive participation as participants raised queries to the relevant stakeholder in the expert panel pertaining to fund raising, company incorporation, etc.
- Nagaland and Sikkim workshops witnessed the participation of more than 50% women entrepreneurs proactively engaged in the sessions.
- 10 startups in Aizawl showcased their products consisting of organic tea, pickle, body care products, etc in Mizoram. A startup named Ecofarm based in Aizawl received funding interest from the Investor Desk put up during the workshop.





**THE INSTITUTE OF  
Company Secretaries of India**  
भारतीय कम्पनी सचिव संस्थान  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)  
www.icsi.edu



# 2023

JANUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL						
S	M	T	W	T	F	S
30						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

MAY						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

JUNE						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

JULY						
S	M	T	W	T	F	S
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

AUGUST						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

SEPTEMBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

OCTOBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

DECEMBER						
S	M	T	W	T	F	S
31						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

## GAZETTED HOLIDAYS

(APPLICABLE FOR HEADQUARTERS, NOIDA OFFICE, NIRO & ITS CHAPTERS)

<b>JANUARY</b> 26 Republic Day	<b>AUGUST</b> 15 Independence Day
<b>MARCH</b> 08 Holi 30 Ram Navami	<b>SEPTEMBER</b> 07 Janamashtami (Vaishnva) 28 Milad-un-Nabi or Id-e-Milad (Birthday of Prophet Mohammad)
<b>APRIL</b> 04 Mahavir Jayanti 07 Good Friday 22 Id-ul-Fitr	<b>OCTOBER</b> 02 Mahatma Gandhi's Birthday 24 Dussehra
<b>MAY</b> 05 Buddha Purnima	<b>NOVEMBER</b> 12 Diwali (Deepavali) 27 Guru Nanak's Birthday
<b>JUNE</b> 29 Id-ul-Zuha (Bakrid)	<b>DECEMBER</b> 25 Christmas Day
<b>JULY</b> 29 Muharram	

## RESTRICTED HOLIDAYS

(APPLICABLE FOR HEADQUARTERS, NOIDA OFFICE, NIRO & ITS CHAPTERS)

<b>JANUARY</b> 01 New Year's Day 14 Makar Sankranti/ Magha/ Bihu 15 Pongal 26 Basant Panchami / Sri Panchami	20 Vinayaka Chaturthi 29 Onam or Thiru Onam Day 30 Raksha Bandhan
<b>FEBRUARY</b> 05 Hazrat Ali's Birthday Guru Ravidas's Birthday 15 Swami Dayananda Saraswati Jayanti 18 Maha Shivratri 19 Shivaji Jayanti	<b>SEPTEMBER</b> 06 Janamashtami (Smarta) 19 Ganesh Chaturthi
<b>MARCH</b> 07 Holika Dahan, Dolyatra 22 Chaitra Sukladi/Gudi Padava/Ugadi/ Cheti Chand	<b>OCTOBER</b> 21 Dussehra (Saptami) 22 Dussehra (Maha Ashtami) 23 Dussehra (Maha Navmi) 28 Maharishi Valmiki's Birthday
<b>APRIL</b> 09 Easter Sunday 14 Vaisakhi/Vishu/Meshadi 15 Vaisakhadi (Bengal)/ Bahag Bihu (Assam) 21 Jamat-Ul-Vida	<b>NOVEMBER</b> 01 Karaka Chaturthi (Karwa Chouth) 12 Naraka Chaturdasi 13 Govardhan Puja 15 Bhai Duj 19 Pratihari Sashthi or Surya Sashthi (Chhat Puja) 24 Guru Teg Bahadur's Martyrdom Day
<b>MAY</b> 09 Guru Rabinranath Tagore Birthday	<b>DECEMBER</b> 24 Christmas Eve
<b>JUNE</b> 20 Rath Yatra	
<b>AUGUST</b> 16 Parsi New Year's Day/ Nauraj	

### Vision

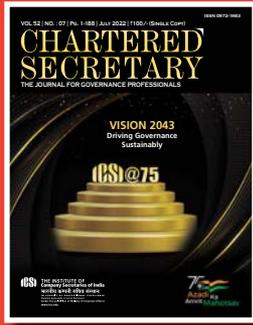
"To be a global leader in promoting good corporate governance"

### Motto

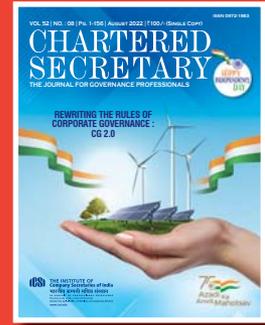
सत्यं वद। धर्मं चर। इष्टं कुरु। कुरुते। कुरुते। कुरुते। कुरुते।

### Mission

"To develop high calibre professionals facilitating good corporate governance"



# Subscribe to India's No. 1 Journal for Governance Professionals



Chartered Secretary, a prestigious monthly corporate Journal having a readership of more than 100,000 per month is rated to be one of the best journals for the professionals. The Journal enjoys a revered position amongst its peer journals not only for its thought provoking articles contributed by leading professionals from the Corporate World and the Government, but also other information such as:

- ❖ Articles on **special issues of the Chartered Secretary** on current or contemporary topic like Governance from Grassroots to Global, Companies (Amendment) Act, 2020 & Recent Labour Reforms, Futuristic Governance, MSMEs and Role of Professionals in Self-Reliant India, Ease of doing Business, Revival of Economy and Role of Professionals, Governance from Ancient Indian Scriptures, Women Leadership etc.
- ❖ Articles from international author, recognised leader, eminent expert etc.
- ❖ Special article of Guest Author such as MD, CEO of top companies, chairman / members of NCLT / NCLAT, senior functionaries in MCA, Regulators, veterans etc.
- ❖ Gist of latest Corporate & related laws
- ❖ Important notifications, circulars and clarifications from the Government
- ❖ Economic, trade and related events of corporate relevance.
- ❖ Information/Events of the Institute
- ❖ International best practices, etc., as per the Code Manual
- ❖ Global Corporate Corner
- ❖ Quality research-based articles on global contemporary issues
- ❖ Corporate Governance
- ❖ Start-up India
- ❖ Ethics in Profession
- ❖ GST Corner
- ❖ Research Corner
- ❖ Important Announcement, Publications released etc.

**YES I WISH TO SUBSCRIBE TO THE CHARTERED SECRETARY JOURNAL**

(Please tick your subscription choice and send the form to Printing Cell, ICSI, C-36 Sector 62, Noida 201301 (Uttar Pradesh). The mega subscription for multiple years guarantee uninterrupted supply of journal at a discounted rate.

.....<.....>.....

Annual Subscription (12 issues) From - January - December	Subscription for 3 years (36 issues)	Subscription for 4 years (48 issues)	Subscription for 5 years (60 issues)
Rs.1000/- by Ordinary Post, Plus Rs.500 for Registered/Speed Post	Rs.2400/- by Ordinary Post, Plus Rs.1500 for Registered/Speed Post	Rs.3200/- by Ordinary Post, Plus Rs.2000 for Registered/ Speed Post	Rs.4000/- by Ordinary Post, Plus Rs.2500 for Registered/ Speed Post

**Subscription Form :**

The Institute of Company Secretaries of India

I wish to subscribe Chartered Secretary for a period of ..... years (tick the box /write for the years you wish to subscribe). Please send the journal at the address given below :

.....  
.....  
.....

I enclose a cheque /Draft No..... dated .....drawn on .....

For Rs.....Payable to the Institute of Company Secretaries of India

Date : ..... Signature.....

Place : ..... Name .....

**Students and others can also subscribe to the journal by using ICSI online services at the following link (by filling the online form and selecting the payment mode/gateway) : <https://smash.icsi.in/Scripts/CSJ/Default/SubscribeCSJournal.aspx>**

❖ **Students Annual Subscription (12 issues) - Rs. 500/-by Ordinary Post, Plus Rs. 500 for Registered/Speed Post**

**Please rush your order to -**

The Joint Director (Printing) ICSI, C-36 Sector 62, Noida 201301 (Uttar Pradesh)

**For more details, you may contact through below options :**

☎ Phone : 0120-4082130, Fax : 011-24626727;

✉ Email: [cs.journal@icsi.edu](mailto:cs.journal@icsi.edu)

Regn. No. 21778/71  
Postal Regn. No. DL(S)-17/3197/2021-23  
WPP License No. MR/Tech/WPP-145/DL(C)/2022-23  
Posting Date : 10/11-01-2023 of Every Month  
Date of Publication : 10<sup>th</sup> and 11<sup>th</sup> of Every Month

Licensed to post without prepayment  
at Patrika Channel Sorting Office,  
Mumbai 400 001.



clear

# India's Best Board Meeting Software **BLISS**



**Peace of mind and 100% compliance  
with the Companies Act, 2013 and SEBI's LODR**

#### For Secretarial Team

- ☑ Create agenda in your formats effortlessly
- ☑ Provide curated access to secretarial auditors for quick audits
- ☑ Securely retrieve your historical secretarial records anywhere, anytime

#### For Directors

- ☑ Secure & direct access to board documents
- ☑ Easy to collaborate for informed decision making
- ☑ Single-click electronic voting on resolutions



Secure data with ISO27001,  
ISO27017 & ISO27018, & SOC2  
Type2 certification



Domain-rich software, integrating  
over 170+ compliances with real-  
time updates on regulatory changes

**Trusted by 1000+ Companies Nationwide**

Please contact us at [080-23324212](tel:080-23324212) or email us at [contact@cimplifyfive.com](mailto:contact@cimplifyfive.com) to request a free demo.